



Department
of Energy &
Climate Change

John Healey MP
House of Commons
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Department
for Business
Innovation & Skills

The Rt Hon Matthew Hancock MP
Minister of State for Business, Enterprise and
Energy

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Dear John

I am writing to tell you that the Government has today agreed to provide a £4m loan to UK Coal as part of a package of support measures secured by the Company to avoid an imminent insolvency and closure of its deep mining businesses. The loan has been made on commercial terms and is due to be fully repaid with interest by December 2015. Without this financial support all the workers at Kellingley and Thoresby collieries would have been out of a job this autumn.

The support package will enable UK Coal to deliver its current plan for the safe and orderly wind down of its deep mining businesses by the end of 2015. However the loan is structured to ensure that the door remains open for the Company to seek further private investment to prolong the life of the mines beyond this date. I have also made it clear that I remain open-minded about any plan which UK Coal may wish to put forward involving further public sector support provided that the plan represents acceptable value for money for the taxpayer. However, any further support from Government alone to extend the deep mining business beyond 2015 is likely to be regarded as State Aid by the European Commission and therefore require the closure of the mines. This commercial loan does not entail that requirement. Any case for further support would need to come from the company, but my officials will be ready to help.

I will be placing copies of this letter in the Libraries of the House.

Yours ever

THE RT HON MATTHEW HANCOCK MP