



UK Energy Trends, Q206

Posted by [Chris Vernon](#) on September 29, 2006 - 7:26pm in [The Oil Drum: Europe](#)

Topic: [Supply/Production](#)

Tags: [coal](#), [electricity](#), [gas](#), [oil](#), [united kingdom](#) [[list all tags](#)]

The [DTI](#) has recently published its quarterly Energy Trends report with data up to and including the second quarter of this year (2006). The report is available for download here: [Energy Trends September 2006 \(pdf\)](#)

See our previous discussion from June 06 here: [UK Energy Trends, Coal](#)

Then we noted the dramatic swing towards coal and away from gas for electricity generation.

Coal supplied 18 per cent more electricity than in the same period a year earlier, while gas supplied 17 per cent less. Nuclear supplied 1 per cent less. Net imports of electricity were 31 per cent higher than a year earlier.

Three months on what do we have?

The main points for the second quarter of 2006:

- Total energy production was 11½ per cent lower than in the second quarter of 2005.
- Oil production fell by 13 per cent compared to the second quarter of 2005 as production from older established fields continued to decline.
- Gas production was 14 per cent lower compared with the second quarter of 2005. Gas imports increased by 30 per cent while gas exports increased by 8 per cent. The UK was a net exporter of gas in the second quarter of 2006, albeit 82 per cent lower than in 2005. Gas demand was 8 per cent lower than a year earlier.
- Total primary energy consumption for energy uses fell by 2½ per cent. However, when adjusted to take account of weather differences between the second quarter of 2005 and the second quarter of 2006, primary energy consumption fell by 1½ per cent.
- Final energy consumption fell by ½ per cent. Industrial consumption fell by 2½ per cent, and other final users consumption fell by 4½ per cent; domestic consumption was virtually unchanged, whilst transport consumption was 2½ higher.
- Coal production was 2½ per cent higher than a year earlier. Coal imports were 11½ per cent higher. Generators' demand for coal was up 10½ per cent.
- Coal supplied 10½ per cent more electricity than in the same period a year earlier, while gas supplied 14 per cent less. Nuclear supplied 6 per cent less. Net imports of electricity were 35 per cent higher than a year earlier.

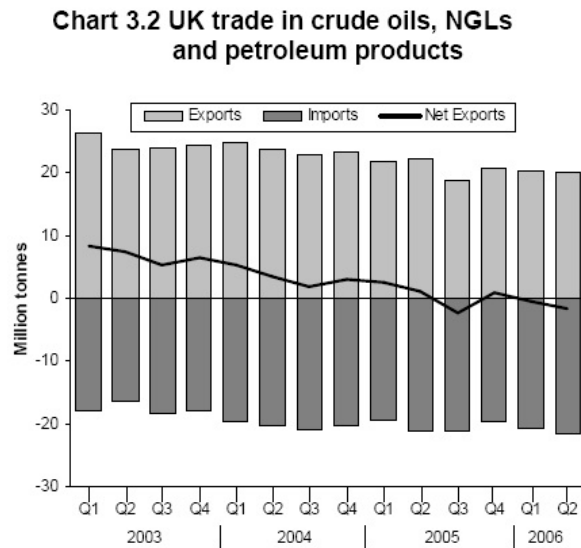
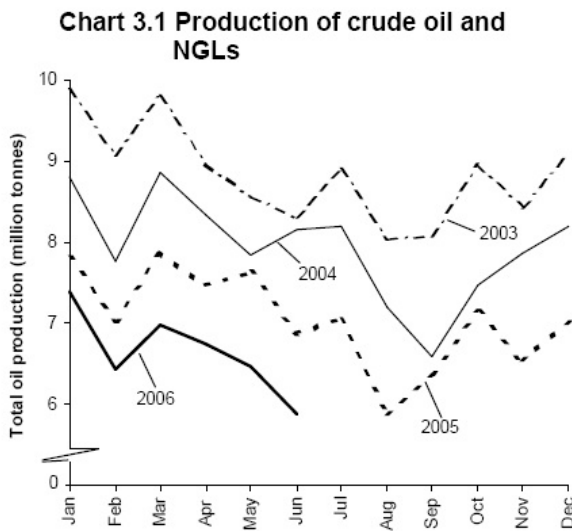
The trends make depressingly familiar reading, presenting a dramatic collapse UK's primary energy sources with the exception of small growth in local coal production. Increased reliance on

coal itself is problematic due to increased carbon dioxide emissions in comparison to any other energy source.

The magnitude of these declines is quite shocking, totally 11.5% reduced total energy supply from Q205 to Q206. This really should be a significant story but I don't see DTI document being discussed anywhere in the mainstream media, sustained surely double digit declines in production can't continue for long without significant impact?

Looking at the detail for oil:

Total indigenous UK production of crude oil and NGLs in the second quarter of 2006 was 13.2 per cent lower than a year earlier. During the second quarter of 2006 the UK was a net importer of oil and oil products by 1.6 million tonnes, whereas in the second quarter of 2005 the UK was a net exporter by 1.1 million tonnes.



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Despite this decline the country is doing nothing to address the depletion of the indigenous resource. In fact the opposite is happening, not only is North Sea oil depletion barely on the agenda but as we transition into an oil importing country our oil consumption is increasing. Wouldn't this shift from net exporter to net importer be a good reason to address growing oil consumption?

During the second quarter of 2006 the UK was a net importer of oil and oil products by 1.6 million tonnes, whereas in the second quarter of 2005 the UK was a net exporter by 1.1 million tonnes.

The picture is similar for gas:

Total indigenous UK production of natural gas in the second quarter of 2006 was 14.4 per cent lower than in the corresponding quarter a year earlier. In the second quarter of 2006, the UK reverted to being a net exporter of gas (1.2 TWh).

Chart 4.1 Production of natural gas

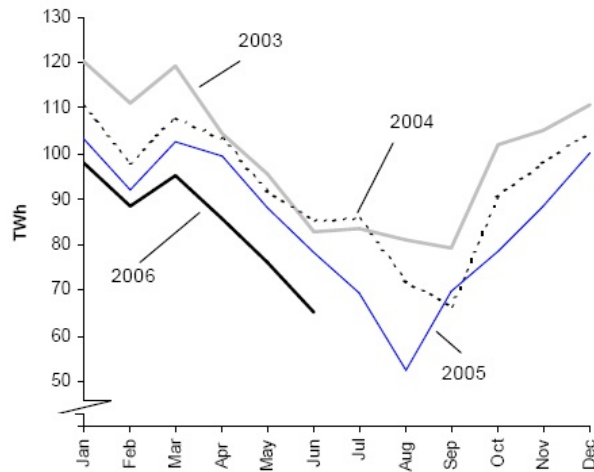
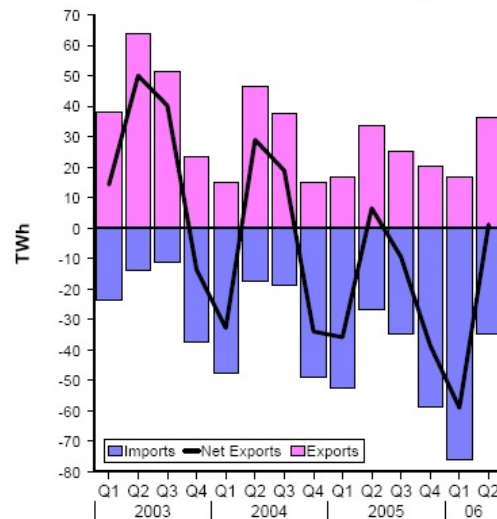


Chart 4.2 UK trade in natural gas



Click to enlarge.

In contrast to oil, gas demand is however falling. Total gas demand was down 7.9 percent whilst gas used for electricity generation was 14.1 per cent lower than in the second quarter of 2005 and domestic use 3.3 per cent lower. The domestic falls were attributed to milder weather in 2006 compared to 2005.

The bulk of the reduced gas consumption is being replaced with increased use of imported coal:

Coal supplied 10½ per cent more electricity than in the same period a year earlier, while gas supplied 14 per cent less.

The reality of this situation can not be masked indefinitely. As depletion drives imports the impact on the macro economy will grow. It is inevitable that UK energy consumption will fall over the next decade, for this reason the UK urgently needs a policy of energy consumption reduction rather than the current (lack of?) policy which can't avoid reduction but rather will achieve it through disruptive demand disruption as the cost of imported energy spiral.



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