
Spain and Portugal coal consumption to fall in 2010 - EDP

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Reuters quoted officials from Energias de Portugal as saying that coal consumption in Spain and Portugal will fall in 2010.

EDP, which buys coal for its power plants in Portugal and Spain said that it expected to consume 3.6 million tonnes in 2010 down from 5.3 million in 2009 due to plant closures at Sines to fit anti pollution equipment and also because the company expects cheaper gas to displace coal in Iberia.

An EDP official said that "Gas prices have fallen during the last part of this year to be cheaper than coal but we think this will also be the case going forward."

He said that anticipation of lower coal demand 2010 and price uncertainty meant that EDP would be tendering soon for less than its usual coal quantity and at index linked prices. We will issue a new coal tender some time between November and Christmas for 1 years and 2 years supply and on a delivered basis but linked to the API2 index."

The official said that EDP will buy around 1 million tonnes of coal per year and buy the balance of what it needs on the spot market. US and Colombian coal are likely to be the cheapest coal origins offered.

(Sourced from Reuters)

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