AGREEMENT

between

THE SOLID FUEL TRADE GROUP

and

THE MINISTER FOR THE ENVIRONMENT, HERITAGE AND LOCAL GOVERNMENT

concerning

FURTHER REDUCTIONS IN THE SULPHUR EMISSIONS OF BITUMINOUS COAL AND PETCOKE

and the

MAINTENANCE OF EXISTING LIMITATIONS THROUGH SMOKELESS ZONES ON THE MARKETING, SALE AND DISTRIBUTION OF SOLID FUELS.

April, 2006

KEEPING THE HOME FIRES BURNING

AN ROINN COMHSHAOIL, OIDHREACHTA AGUS RIALTAIS ÁITIÚIL

DEPARTMENT OF THE ENVIRONMENT, HERITAGE AND LOCAL GOVERNMENT

1. INTRODUCTION

The Solid Fuel Trade Group (SFTG) Limited represents the importers and principal distributors of solid fuel in Ireland. The list of SFTG members is set out in Appendix l to this Agreement.

SFTG Ltd acknowledge the ambition of the Minister for the Environment, Heritage and Local Government and the Minister of State at the Department of the Environment, Heritage and Local Government for continued reduction in sulphur dioxide (SO2) emissions. Both parties recognise the need to ensure continuing action to maintain the progress achieved to date, and to achieve further reductions of emissions and more specifically to contribute to the overall reduction of national emissions of SO2 . The environmental gains achieved from the 2002 agreement and those envisaged from this new agreement will significantly assist in meeting Ireland's targets under the United Nations Economic Commission for Europe 'Gothenburg' Protocol to the Convention on Long Range Transboundary Air Pollution to abate Acidification, Eutrophication and Ground-Level Ozone, and EU Directive 2001/81/EC on National Emission Ceilings for Certain Atmospheric Pollutants.

SFTG Ltd. further recognise that emissions of Polycyclic Aromatic Hydrocarbons (PAHs) are associated with the burning of solid fuel and is willing to engage bilaterally with the Department on any necessary research needed to develop a more detailed understanding of the domestic solid fuel sector's contribution to overall PAH emissions, and any other necessary measures to ensure compliance with EU Directive 2004/107/EC relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air.

SFTG Ltd enters into this Agreement with the Minister in recognition of its responsibilities to help maintain improvements in environmental quality and the achievement of reductions of harmful emissions to the air.

2. OBJECTIVE

The objective of this Agreement is to –

- consolidate the environmental gains achieved under the 2002 agreement and further reduce smoke and sulphur emissions arising from residential use of solid fuel and;

- improve air quality by agreeing voluntary sulphur limits for coal and petcoke and by maintaining existing smokeless zones.

3. SULPHUR EMISSIONS IMPROVEMENTS

The members of SFTG Ltd. commit to implementing the following measures and achieving the following phased reduction targets with respect to imported tonnages of petcoke and bituminous coal in Ireland:

Sulphur Limit of Petcoke

- All contracts for the import of petcoke shall henceforth comply with a maximum sulphur content of 2.65%, and total annual imports of petcoke shall have an average sulphur content of 2.6%.

- No later than 1st August 2006, all imports of petcoke shall comply with a maximum sulphur content of 2.6%, and total annual imports of petcoke shall have an average sulphur content of 2.55%.

- No later than 1st August 2007, all imports of petcoke shall comply with a maximum sulphur content of 2%.

Over the life of this agreement SFTG Ltd. will endeavour to research and develop alternative or substitute products to petcoke in order to deliver greater environmental benefits in the future.

Sulphur Limit of Bituminous Coal

The following limits shall apply:-

- All imports of bituminous coal shall comply with a maximum sulphur content of 0.7% for the duration of the Agreement, and total annual imports of bituminous coal shall have an average sulphur content of 0.6%.

- Over the life of this agreement SFTG Ltd. pledge to continue their best efforts to maintain the average sulphur content of all imports of bituminous coal as low as possible and will strive to achieve an average sulphur content of 0.55%.

4. COAL BAN AREAS

Recognising that residential solid fuel volumes are declining and that all major towns are now smokeless zones, the Minister agrees not to extend the ban on marketing, sale and distribution of fuels to other urban areas unless required to ensure adherence to air quality standards.

Should such circumstances occur, the Minister will comprehensively consult with the SFTG Ltd. at as early a date as possible.

In the towns and environs of Athlone, Carlow, Clonmel and Ennis, SFTG Ltd. will maintain the smokeless fuel market penetration level of 75%, as a percentage of overall solid fuel sales, as set out in the 2002 Agreement.

5. ENFORCEMENT

The Department of the Environment, Heritage and Local Government and SFTG Ltd. will further engage with the relevant local authorities on enforcement issues to ensure the strict enforcement of the law governing statutory coal ban areas.

6. IMPLEMENTATION AND REVIEW

The implementation of this Agreement will be a priority action of SFTG Ltd and its members, with immediate effect.

The first review of the agreement will be undertaken no later than 31st January 2007 and the second such review no later than 31st January 2008.

7. MONITORING PROGRESS

SFTG Ltd will provide the Department with bi-annual returns, in both written and electronic formats, for the periods to 30th November and 30th June each year indicating the total tonnages and sulphur content of all solid fuels imported directly to the State and into the State from Northern Ireland. These returns will be furnished within six weeks of the period end. SFTG Ltd. will also supply the Department with any necessary data required to assess the success of the measures outlined in paragraph 4. These data returns will be independently audited and the Minister recognises that any returns, which may identify commercially sensitive and confidential information for specific companies, will require to be treated accordingly.

Batt O' Keeffe

Minister of State at the Department
of the Environment, Heritage
and Local Government.

Michael Leahy

Chairman
Solid Fuel Trade Group Ltd.

APPENDIX I

Members of the Solid Fuel Trade Group Limited

Arigna Fuels Ltd.,
Arigna, Carrick-on-Shannon, Co. Roscommon.

Bord na Mona Fuels Ltd.,
Newbridge, Co. Kildare

Capper Trading Ltd.,
124 Tamnamore Road, Dungannon, Co. Tyrone

Galtee Fuels Ltd.,
Askeaton, Barrigone, Co. Limerick

Hayes Fuels,
146, Pomeroy Road, Dungannon, Co. Tyrone

Kelly Fuels,
1 Lombard Street, Belfast

James Kingsberry Ltd.,
Caroline House, Milewater Basin, Dufferik Road, Belfast

Lissan Coal Company
16 Churchtown Road, Cookstown

Rheinbraun Brennstoff GMBH
Ludwigstrasse
50226
Frenchen

Stafford Fuels
New Ross, Co Wexford

Standard Brands (Trading) Ireland Ltd
Castlebellingham, Co. Louth.