

Public consultation on Tata plans for £1.25bn electric arc furnace at Port Talbot

A public consultation exercise ahead of a planning application for Tata Steel's £1.25bn electric arc furnace investment at Port Talbot has begun.

The 3.2 million tonne capacity arc furnace, which will make steel from scrap, is being backed with £500m in funding from the UK Government. The rest is being financed by Tata itself.

The Indian-owned steelmaker, in a move resulting in around 2,800 job losses across its UK operations, will this month end heavy steelmaking at Port Talbot when it switches off its remaining No 4 blast furnace. It follows the closure of blast furnace No 5 over the summer.

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Electric arc furnace use an electric current to melt scrap steel or iron and produce steel, whereas blast furnaces use coke, a carbon-intensive fuel made from coal.

The public consultation exercise will run until October 15th. A planning application is then expected to be submitted by Tata to Neath Port Talbot Council in November, which, if approved, should see spades in the ground next summer. The arc furnace is scheduled to become operational in 2027 when a new electricity connection goes live.

While the arc furnace is built the plant's hot strip mill will continue making coil steel for its downstream businesses from two million tonnes of imported substrate.

Tata is also investing in upgrading the steel mills and continuous casters in a three year project.

It will look to sell off some of its land around the decommissioned blast furnaces to the harbour area. However, at this stage, it has not been determined what the cost of land remediation would be -and whether Tata would get any government support -to make it fit for other uses.

While subject to market interest, it could potentially form part of the new freeport covering the ports of Port Talbot and Milford Haven under the Celtic Freeport banner.

It is hoped that the freeport will create significant jobs and investment in new supply chains needed for new offshore floating windfarms in the Celtic Sea, for which bidders are now being sought under a new licensing round from the Crown Estate.

Tata will maintain around 80% of its existing site.

Rajesh Nair, chief executive of Tata Steel UK, said: "We're grateful to everyone who has taken the opportunity through our engagement so far to provide feedback. It was useful to speak to local residents at our community events about their views of the proposed scheme and the benefits it would deliver.

"I encourage anyone with questions or comments to get in touch so they can be considered by the project team."

The ending of primary steelmaking will see around 1,900 job losses at Port Talbot, making up the lion's share of the initial 2,500 jobs going across all of Tata's UK operations, which includes its downstream operations in Wales at Trostre, Shotton, Llanwern, and Caerphilly. Many staff have already left on voluntarily.

Tata said around 300 staff will be needed for decommissioning work, while the construction of the arc furnace will create

other jobs. Once the arc furnace is operational the direct workforce at Port Talbot is expected to be around 1,500.

The impact of the ending of heavy steelmaking at Port Talbot will also be felt amongst contractors and the wider supply chain. It has been estimated that for every direct job at Port Talbot a further 1.2 are supported.