

To see. This is worrying, because the peak stock figure will now be a lot lower than the previous forecast (flag B) of 'under 16m tonnes'.

PRIME MINISTER

POWER STATION FUEL

At the meeting of the Committee on Economic Strategy on 24 July you drew attention to the importance of ensuring adequate supplies of coal to power stations and asked to be kept in touch.

Energy say that the reason is that coal burn has stayed high through June and July, although the supply side has behaved according to plan. The 13-13½m tonne figure is said to be a realistic one: it leaves us extremely vulnerable.

MS

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amb.

I and my colleagues here have reviewed the position with the CEEB and the NCB; the Chairmen have assured me that every effort is being made to put as much coal as possible into power stations. There is close liaison at national and local levels between the two industries and with British Rail, which is working well. Coal deliveries are up to programme and the CEEB is importing some additional supplies. Coal stocks at power stations in England and Wales had reached 12.6 mln tonnes by early August. This is lower than we and they would like but a cold spring and early summer combined with some switching to electricity from oil raised electricity demand and coal burn above expectations.

The CEEB now forecast their opening winter stock of coal will reach 13-13½ mln tonnes at 1 October, a level well below that of recent years. This offers about 4-5 weeks' endurance at peak winter consumption rates, but any interruption in coal supplies or a cold winter could cause problems.

I am therefore seeing what can be done to raise the industry's endurance in other ways. Gas burnt now can conserve coal for later consumption, and increased gas supplies to the CEEB are now being negotiated with British Gas. CEEB could also take more oil than they have at present, and we are seeking means whereby crude oil available to BNOB is used to increase CEEB's stocks of fuel oil, so as to provide some further insurance for the winter months.

/On this

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(summing up)

On this basis, CEEB believe they should be able to see the winter through without difficulty in normal circumstances. However by the end of the winter power station coal stocks will again be low and next summer's task of restocking against the following winter is likely to require further special measures, both with coal and other fuels.

I shall continue to keep a close watch on the fuel position and have asked the industry to keep my Department fully informed of progress and prospects.

I am copying to members of E Committee, to the Secretary of State for Scotland, to the Minister of Transport and to Sir John Hunt.

JH.
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SECRETARY OF STATE FOR ENERGY
17 AUGUST 1979