



SCOTTISH OFFICE
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RESTRICTED

PRIME MINISTER

AGRs AND THE GOVERNMENT'S NUCLEAR POLICY

I have seen David Howell's minute of 31 March on this subject and I am also strongly of the view that cancellation of the Torness and Heysham AGRs would seriously damage the confidence of the nuclear industry and our prospects for pursuing a significant nuclear programme, involving the PWR.

If we were to cancel Torness and Heysham, the industry could well lose all confidence in the future of the AGR system with the result that the option of building AGRs at some later date could be closed off entirely. As David Howell has indicated, we do not as yet know when it will be possible to establish that PWRs can be built in this country. In the meantime, demand for electricity will continue to grow, albeit relatively slowly, giving rise eventually to the need for more generating capacity to be introduced.

These considerations give rise to the particular problems for the Scottish system. The South of Scotland Electricity Board already has, and will continue for the next 20 years to have, sufficient coal-fired generating capacity to burn all the power station coal likely to be produced from the Scottish coalfield. Transport costs make the burning of significant quantities of coal from the pits in North-East of England a distinctly uneconomic proposition, and the provision of additional oil-fired capacity is clearly out of the question. The next station to be built in Scotland must, therefore, be nuclear.

We cannot be certain at this stage that a PWR could be completed in time to meet the need for new generating capacity in Scotland, and there could well be difficulties about the first of this new type of station being built in Scotland. It seems to me highly desirable, therefore, that we should be able to build at least one more AGR in Scotland and, as I have indicated, I do not think that we could be at all confident of our ability to do so if the Torness and Heysham AGRs were cancelled. Equally, I do not see it as a practical proposition to proceed with Torness, while cancelling Heysham, since the station would be perceived as the last of the AGRs and would, as a result, be very likely to be afflicted by cost over-run and delay of the type experienced at Dungeness B.

I am also very concerned about the boost which cancellation of the AGRs would give to the activities of the anti-nuclear lobby. This could only aggravate the difficulties which we will face in obtaining public acceptance of a PWR programme.

For these reasons, and for those put forward by David Howell, I hope that we can take an early decision to allow the Boards to proceed with their plans for Torness and Heysham.

I am copying this minute to the Secretary of State for Energy, the Secretary of State for Industry, the Chancellor of the Exchequer and the Chief Secretary and to the Secretary of the Cabinet.

C.H.

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