

Prime Minister

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ce Mr. Wilson
Mr. Deakin

PRIME MINISTER

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There will - I hope - be
a much fuller display
of the costings etc. from
the Cabinet Office and CPRS
by tomorrow night.
(Meeting on Thursday).

AGRs AND THE GOVERNMENT'S NUCLEAR POLICY

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I am very concerned that the uncertainty surrounding the AGRs is undermining our commitment to nuclear power as reflected in the Government's December statement.

That statement was designed to revive our nuclear programme and give confidence to our nuclear industry, after the decline in our nuclear programme over the last ten years. It reflected the views of the electricity supply industry not only that nuclear power was the most economic but that there were strong arguments for reducing their dependence on coal by further diversification. The Government's stance has been well received, nationally and internationally. There is every chance of success provided we do not falter.

The CPRS exercise has aroused fears that our backing for nuclear power is less firm than had been thought. Already recent recruits to the industry have doubts about its future. If we cancel the new AGRs now - whether one or both - only three months after confirming that they would go ahead it will be very damaging, not just for the gas-cooled option, but for the PWR and the 10 year programme to which we have given our support.

(2)

Industrial commitment to the AGRs is now substantial, as the CPRS have reported, not only in the power plant industry but among many engineering firms which supply components. If we cancel, some firms will close and others will be badly hurt. Launching a PWR programme will be much more difficult against the loss of confidence that will entail.

The proposed new Chairman of NNC, Mr Dennis Rooney, has made clear to me the importance which he attaches to having firm Government backing for the nuclear programme which he will be implementing. If he were now to withdraw, leaving us to start once again on the search for a candidate, it would be a serious set back, not least for the PWR, on which our ability to progress is dependent on reorganisation of the nuclear industry. The timetable for the PWR is already slipping and we need to avoid further delay.

There is no doubt in my mind that we should aim to make the PWR the main reactor system for this country in the long term. But we cannot yet be certain that the PWR will receive the necessary safety and planning consents in this country; and until its viability has been established, which is bound to take time, we cannot afford to discard gas-cooled technology, which is effectively what we would be doing if we cancelled the new AGRs.

If we cancel we may well also jeopardise the present bipartisan support for our nuclear policy in Parliament. It will be interpreted as a premature decision in favour of the PWR and run the real risk of making the nuclear programme and the PWR a party political issue, again undermining industrial confidence.

(3)

Internationally we have strongly supported the need to expand nuclear programmes. Without the new AGRs, the UK programme will actually be declining in the late 1980s as the first Magnox stations come out of service.

Against this background I believe we should concentrate all our efforts on making progress with our declared policies unless there really are new and powerful reasons to the contrary. To over turn a major long term strategy for short term considerations such as the external financing limit of the electricity industry in 1980/81 - vital though this is - would be to mix up two quite separate priorities and would be wrong.

Cancellation of the AGRs will make, at best, a marginal contribution to the EFL problem in 1980/81. I am pressing the CEGB hard for economies and I hope to put a paper to colleagues on the general EFL problem immediately after Easter.

I very much hope therefore that when we meet this week we can agree to reaffirm the AGRs without delay, as the CPRS recommend.

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

Secretary of State for Energy
31st March 1980

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31 MAR 1980



[The body of the document contains several paragraphs of text that are extremely faint and illegible due to the quality of the scan. The text appears to be a formal letter or report.]

Secretary of State for Energy
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