

I am delighted that  
 It is going ahead quickly  
 look forward to the

PRIME MINISTER

need- check. I hope  
 it won't be long in coming out.

## NUCLEAR POWER POLICY

Nuclear power is an essential element in energy strategy, as the Tokyo communique emphasised. I have been considering how we should now develop our policy.

## THERMAL REACTOR POLICY

The first priority must be our thermal reactor programme. We do not at present have a thermal reactor system readily available for series ordering or an industry which could take on a substantial programme at once. It will take time to put this right and we must make a start forthwith.

There is general agreement that our nuclear industry is weak and in need of reorganisation. I have held an intensive round of discussions with the main parties, including the Generating Boards, Babcocks and GEC, and I believe that it should be possible to achieve an agreed solution on the basis of a single company under strong management responsible for the supply of the nuclear island and perhaps in due course for some manufacturing.

But there really is no hope of a strong industry without a firm Government commitment to nuclear power. It will help if we continue to affirm publicly that we see a growing need for nuclear power. But even more important is the issue of future orders.

The CEGB's present approach to ordering is cautious. I believe that if we are to resolve the key industrial problems and give our nuclear strategy a real chance of success we must give some greater assurance about the longer term. We should aim for a clear statement of the expected need for nuclear stations to the end of the century together with a specific commitment to orders in the earlier years. We shall of course have to look very carefully at the financial aspects and at the implications for the Generating Board's strategy on fuel-burn and replacement of existing capacity. But this is the right way to tackle the problem and give the question of structure its proper perspective.

This is relevant to your meeting

with Sir John King on Monday.

We await reactions from your colleagues.

MJS

See: Energy May 1979  
 Power Plant I

A basic programme of orders, of say  $1\frac{1}{2}$  GW of new capacity per annum, could cost some £10 billion at current prices with major expenditure beginning in the mid-1980's; and a larger programme at the upper end of my Department's forecasts could cost twice this amount or more. Research and development on nuclear technology is also expensive. But unless we supply the resources needed for a nuclear programme, we shall not have one. Any alternatives would in any case be very costly whether in terms of investment or failure to ensure the supplies of energy we must have.

I have started discussions with the Central Electricity Generating Board (CEGB) about the concept of a basic nuclear programme, and my initial exchanges with them have been promising. More work needs to be done on the precise nature of any commitment, and I am following this up.

In parallel with this I believe we must press ahead with the PWR option announced by the last Government. A decision on licensing arrangements is the first step and I shall be considering it urgently when I know the views of the CEGB and NNC who are currently assessing the options.

Thereafter we must encourage the parties to move ahead with their design work on the PWR, giving full weight to the important issue of safety in the light of the report from President Carter's Commission into the Harrisburg incident, expected in October. An inquiry into the PWR seems inevitable and industry must prepare for it if the timetable is not to suffer.

#### FAST REACTOR POLICY

Fast reactors are not likely to be in commercial operation in quantity this century but given the long lead times involved major decisions will be needed in the next few years. We need to begin the process now.

International collaboration is a key factor. Sir John Hill, chairman of the UK Atomic Energy Authority (UKAEA), has reported that he has made progress in exploratory discussions with the French

and Germans, and there seems a real possibility of negotiating satisfactory arrangements with them. But before we can consider this we need to have from the nuclear and electricity supply industries agreed advice not only on international collaboration but also on the options open on fast reactor policy and their associated costs; recommendations on how parties would like to proceed, particularly on the Commercial Demonstration Fast Reactor (CDFR); and a timetable for decisions.

I am asking the UKAEA to let me have a report covering these points by October. Our aim should be to take a preliminary round of decisions by the end of the year, though we will not of course be able to take final decisions on a CDFR until an inquiry has been held.

#### CONCLUSION

Our nuclear programmes and industry are weak. We cannot overnight achieve the position which the French have developed over a decade. But if we tackle successfully the issues outlined above we shall begin to reverse the decline in our nuclear capability which has taken place in the 1970's and lay a practical foundation for future growth in our nuclear programme.

This is only a preliminary survey. I shall be circulating fuller proposals about the reorganisation of the nuclear industry after the holiday period, and continuing my talks about a basic nuclear programme in parallel with this.

Copies of this minute go to other members of E Committee, the Secretaries of State for Scotland and for Wales, and Sir John Hunt.

Secretary of State for Energy

10 August 1979

J.A.  
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10 AUG 1979



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10 DOWNING STREET

*From the Private Secretary*

15 August 1979

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Nuclear Power Policy

The Prime Minister has seen your Secretary of State's minute of 10 August. She has commented that she is delighted that progress is being made quickly, and that she looks forward to seeing the next stages. She hopes that they will not be long delayed.

I am copying this letter to the Private Secretaries to the Members of E Committee, Kenneth MacKenzie (Scottish Office), George Craig (Welsh Office) and Martin Vile (Cabinet Office).

**N. J. SANDERS**

W.J. Burroughs, Esq.,  
Department of Energy.

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