

CONFIDENTIAL Prime Minister

at the briefings
the Hoskings

You were dissatisfied with Ken
Bennell's draft minute on fuel
supplies. He has answered your
queries (Flag A). But I think
a Cabinet Office chaired group to
look at all this, as suggested below
by John Hunt, is much better.
It should focus mainly on coal
and oil. Agree?

Ref. A09715

PRIME MINISTER

Fuel Supplies

You have had a minute from the Secretary of State for Energy (dated 31st May) about fuel stocks at power stations, in which he points to the danger of the power stations entering next winter with inadequate coal stocks (with all that implies for the NUM) and to the limitations (notably but not exclusively transport limitations) of putting the situation right. I understand that the Minister of Transport is likely to minute you shortly explaining the problems which the railways face in handling extra tonnages of coal (shortages of diesel fuel, a high "outage" of diesel engines reflecting industrial disputes which have held back the maintenance programme and a shortage of trucks and of guards for goods trains). There is also correspondence between Ministers (which you will not have seen) on the question of importing coking coal for the British Steel Corporation. And of course lying behind all this is the shortage of oil and the need, both in our own interests and to meet our international obligations, to reduce our use of oil next winter to meet the 5 per cent IEA/EEC target.

2. In short, Mr. Howell's minute reveals the tip of a fairly large iceberg and where, to mix metaphors, Departmental interests do not altogether coincide. I suggest that there is an urgent need for an agreed factual appraisal of the energy, and particularly coal, supply situation over the next 12 months, the scope for action and a realistic display of the options. As a number of Departments are concerned (Energy because of its general responsibilities, Industry as representing the main industrial consumers including the BSC, Trade because of the import aspects, Scotland because of its responsibilities for electricity supply in that country and its political concern with North Sea oil, Transport because of the physical ability to move coal - and perhaps to import it - is emerging as a major potential bottleneck, the FCO because of the international implications and the Treasury because of financial aspects), the simplest course would be for the Cabinet Office to convene an interdepartmental working group charged with producing the kind of report I have outlined. If you agree, and because time presses, we could ask them to report within ten days or a fortnight.

and oil?

Yes please and kindly -
we shall need to know before
it's too late.

John Hunt

5th June, 1979