

cc Mr Ingham

CONFIDENTIAL

PA<sub>MS</sub> PRIME MINISTER

PRIME MINISTER

*Do we need to state this?*

*Mr Howell wants to make the attached statement later this week, perhaps - depending on progress on Rhodesia - on Wednesday. It is all ~~the~~ "low profile", and have sidelined a few passages. What do you think?*

NUCLEAR POWER POLICY AND THE NUCLEAR INDUSTRY

Following discussion of our nuclear programme in E Committee on 23 October, I have consulted the Secretaries of State for the Environment and Trade and key parties in the industries and have prepared the attached statement setting out our policies.

*MS*

In view of recent leaks in the press I would like to make the statement in the House as soon as possible, and seek your agreement to this.

Careful presentation of the nuclear programme is of course still very important. The statement makes clear our position on the first PWR but leaves open the question of thermal reactor choice beyond that, as we agreed. It also indicates in general terms the size of the ordering programme which we have in mind, without quantifying it. In view of the leaks, however, I think I am bound to confirm in answering supplementaries that the overall total underlying this is of the order of 15GW of new nuclear capacity installed by the end of the century, setting this figure in the perspective of our long-term energy needs and of programmes in other countries.

If our policies are to be successful we shall need to make early progress with appointments to the National Nuclear Corporation. The first step is to find a new chairman to replace Lord Aldington, and, as you know I am following this up urgently.

It would be helpful if the appointment of a new chairman could be announced as part of my statement and I hope that it will be possible for me to put a firm recommendation to you in time to do so.

I am copying this to other members of E Committee, Sir Robert Armstrong and Sir Kenneth Berrill.

*DA*

SECRETARY OF STATE FOR ENERGY

10 DECEMBER 1979

CONFIDENTIAL

With permission, Mr Speaker, I wish to make a statement.

2. Safe nuclear power and a strong nuclear industry are essential to this country's energy policy. On present prospects, supplies of North Sea oil and gas will be declining in the 1990s. Even with full exploitation of coal and conservation, and with great efforts on renewable energy sources, it will be difficult <sup>if not impossible</sup> to meet this country's long-term energy needs without a sizeable contribution from nuclear power.

3. The British nuclear power programme has been in decline over the last decade and the structure of the nuclear industry has been under review for nearly two years. If we are to reverse this trend and ensure that industry is on a sound footing we must act now.

4. The Government have therefore held urgent consultations with the main parties. <sup>those most directly concerned?</sup>

5. We believe that there must be continuing nuclear power station orders if our long-term energy supplies are to be secured and current industrial uncertainties are to be resolved.

6. The last Government authorised the Central Electricity Generating Board and the South of Scotland Electricity Board to begin work at once with a view to ordering one Advanced Gas-cooled Reactor station each as soon as possible. This is in hand.

7. The last Government also endorsed the intention of the CEGB to order a Pressurised Water Reactor station provided design work was satisfactorily completed and all necessary Government and other consents and safety clearances had been obtained. We have made clear to the industries our wish that they should implement this decision and that this should be the next nuclear power station order, the aim being to start construction in 1982. With the approval of the Government, the CEGB have endorsed the National Nuclear Corporation's selection of Westinghouse as licensor for the PWR, and will shortly issue a letter of intent to NNC to authorise the design and, subject to the necessary approvals, manufacture of a PWR. In consultation with the CEGB, the NNC will prepare the safety case for the Board to consider and submit

is this sufficiently reassuring about safety? Does it sound as if safety approval will be automatic?

CONFIDENTIAL

to our Nuclear Installations Inspectorate. Statutory consent will also be needed and an inquiry will be held in due course.

8. We attach overriding importance to the safety of nuclear power and will want to ensure that the lessons of events at the Three Mile Island station in the United States have been learnt. I am today publishing preliminary assessments of the Kemeny Report on this incident provided to me by the NII and other authorities in the UK.

~~to letter~~  
Flag A

9. Looking ahead, the electricity supply industry have advised that on a wide range of assumptions they would need to order at least one new nuclear power station a year in the decade from 1982. The precise level of future ordering will depend upon the development of electricity demand and the performance of the industry, but we consider this a reasonable prospect against which the nuclear and power plant industries can plan. Decisions about the choice of reactor for later orders will be taken in due course.

10. The Government attach importance to the steady evolution of the NNC into a strong and independent design and construction company, fully able to supply nuclear power stations at home and abroad efficiently.

11. The Boards of NNC and of its operating subsidiary, the Nuclear Power Company will be brought together into a single-tier structure with full responsibility for the affairs of the company. The supervisory management agreement between the NNC and the General Electric Company will be terminated. The management of the NNC will be built up to suit the needs of our nuclear programme.

12. Lord Aldington, chairman of the NNC, has told me that he now wishes to retire. I pay tribute to his efforts on industry's behalf during six years' service. I am glad to say that ,  
Chairman of , has agreed to take over from him.

13. The immediate task of the NNC is to carry forward their work on the AGR programme including early commissioning of the first AGRs, <sup>remaining?</sup> and to complete the design of the PWR. In addition it is our clear wish that the Company should take on total project management responsibility for the first PWR, drawing on whatever resources it may need to support it in this role. We recognise that the Company may also

CONFIDENTIAL

CONFIDENTIAL

wish to consider moving into some areas of manufacturing in due course.

14. The future success of our nuclear industry is of great importance to the prosperity of this country. I ask all concerned to give their active support to the decisions which I have announced.

CONFIDENTIAL