

SECRET

Prime Minister

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The extra 0.2 mt tons looks v. little. But we agreed that we should not put at risk this year's pay settlement, and that the main build-up of stocks at the power stations would have to be after November - in time for next year's pay round. (See memo at Flag A).

Prime Minister

MOVEMENT OF COAL TO POWER STATIONS

Following our meeting of 19 June, I am writing to let you know that additional coal has started to move from NCB pithead to CEGB power stations. I have asked the Boards to increase the tonnage beyond 1 $\frac{1}{2}$ mt if this can be done in an unobtrusive way; they say it might be possible to move about 0.2mt more and I have asked them to use their best endeavours to do so. (No doubt the Secretary of State for Scotland will be letting you know about the position there).

The financial arrangements for compensating additional costs are under discussion. We have agreed a provision of up to £10m to cover additional handling and transport costs and we hope that this sum will be adequate.

As to the longer term, the CEGB will be reporting to me later this month on the various ways of increasing stocks and endurance; I will report later. I understand that the Secretary of State for Scotland is discussing plans with the Scottish Boards on a similar basis.

I am copying this minute to the Chancellor, the Home Secretary, the Secretary of State for Scotland and to Sir Robert Armstrong.

Secretary of State for Energy
3 July 1981

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