

Energy minister backs pricing policies

Lawson to reject claims of ^{Times - 6 DEC 1982} 'too high' electricity costs

By Edward Townsend, Industrial Correspondent

Mr Nigel Lawson, Secretary of Energy, will tell industry leaders this week they are wrong in claiming that companies are being unfairly penalized by high electricity prices.

In a paper to be delivered to Thursday's meeting of the National Economic Development Council, Mr Lawson will also stress that electricity tariff policy is to be kept under review by the Government.

The Confederation of British Industry is bound to respond to the paper on behalf of its members who are large users of electricity, particularly the intensive consumers like paper and board and chemical manufacturers and badly depressed sectors like steel and aluminium.

Trade associations in these

sectors have been engaged in a long campaign to try to convince the Government that their international competitiveness, especially at a time of recession, has been eroded by the difference in electricity prices charged to their main European rivals.

Mr Lawson is expected to repeat the Government view that prices should continue to be related to the economic cost of producing electricity at the margin of supply. Recent studies by the Department of Energy do not support industry's claim that prices are biased against them.

Last month the department announced a freeze next year on average electricity prices which Mr Lawson is confident can be achieved within the tighter



Lawson: charges should relate to costs

external financing limits set for the electricity supply industry.

Discussions are continuing on two related aspects: the bulk

supply tariff to be applied by the Central Electricity Generating Board on electricity supplied to the area boards, and a new financial target for the supply industry.

The latter obliges the industry to aim for a 1.7 per cent return on net assets over the three years ending next April. Mr Lawson will say on Thursday that the new target being discussed will fully take into account the conclusions reached on pricing policy.

With industry facing a rise of about 9 per cent in its electricity bills during this financial year, the Electricity Council has begun a series of price studies. Its first survey, covering prices in six European countries, was said to confirm that levels in England and Wales were not out of step.