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PRIME MINISTER

POWER STATION AND INDUSTRIAL ENDURANCE

attached
In his minute to you of 23 June, the Secretary of State for Energy set out his conclusions on the two Reports prepared by MISC 57. On increasing the endurance of industrial consumers, I share his view that a modest and selective programme would make a useful contribution, even though it would not be practicable to bring industrial endurance up to the 26 weeks we are seeing for power stations. I agree with the particular measures proposed and that further study is needed in the case of consumers who draw coal direct from the pits. We need to satisfy ourselves that measures to safeguard such consumers would not be frustrated by picketing.

2. On finance, I accept that the NCB should be told that the Government is willing in principle to meet the costs the Board actually incurs in implementing these schemes, through adjustment of the deficit grant limit and EFL. This assurance should not, however, be regarded as diminishing the need for stringent measures to contain the overrun of the 1983-84 EFL which is currently projected.

3. I agree too that we should take no further action on power station ancillaries, given the CEGB's willingness to accept a commitment to work to 26 weeks endurance. On carbon dioxide, I agree that no immediate action should be taken, given the difficulty of undertaking a programme without attracting public attention. It is important, however, that the report on endurance in the medium term should study this question further.

4. I am copying this minute to the Home Secretary, the Secretaries of State for Energy, Defence, Scotland, Employment, Trade and Industry, and Transport, and to Sir Robert Armstrong for the usual limited circulation.

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29 June 1983