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PRIME MINISTER

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Endurance in the Event of a Miners' Strike

For the purposes of your meeting on 1 November, it may be helpful for you and other Ministers attending to have a single piece of paper which draws together briefly the outstanding points on which decisions are required, as they emerge from the papers circulated earlier (the reports by the Official Group on A Coal on ancillary materials, MISC 57(83) 9, and on industrial B endurance, MISC 57(83) 10, submitted with the Secretary of State C for Energy's minute to you of 23 June 1983, and the report on C power station endurance in the medium term, MISC 57(83) 12, submitted with my minute to you of 21 July 1983).

Endurance Without Further Measures

2. As a result of measures already taken to increase power station coal stocks and supplies of ancillary materials, power station endurance this autumn in the event of a miners' strike is estimated at about 26 weeks. This involves maximum oil burn at oil-fired stations from the outset of the strike which will put pressure on the supply logistics, given recent refinery closures and changed patterns of output. The implications are currently being assessed by the oil companies and the CEGB.

3. Special steps have also been taken to increase the coal stocks held by the cement industry giving likely endurance of 16-20 weeks. Coal stocks held by a few other large industrial users amount to 15-20 weeks (although the stocks of most large users are likely to be around 8 weeks), while those held by some small industrial companies and depots are around 5-6 weeks (the stocks of most small industrial users are unlikely to be less than 3 weeks).

4. If the existing measures are maintained, including unchanged coal stocks, power station endurance should increase to 7½-9 months by 1986-87, depending on the growth of electricity demand. The increase is due to the commissioning of the three Advanced Gas-cooled Reactors at Dungeness, Hartlepool and Heysham; and also to the interconnector with France which it is expected could be used to import in an emergency.



5. Ministers will therefore first wish to consider whether it would be worthwhile to increase power station endurance yet further, either to deter a strike or to improve the prospects for withstanding a strike. If so, they will wish to consider the practical possibilities with particular regard to those that would require early decisions.

Options for Increasing Endurance

6. Existing coal stocking areas at power stations are now full, both in England and Wales and in Scotland. Building stocks yet higher would require the acquisition of new land, or the recovery of leased land, contiguous to existing sites. In many cases planning permission would be required and the need for the high level of stocks would have to be argued publicly. The physical limit in England and Wales is unlikely to be more than 40 million tonnes (and could be significantly less) which would provide endurance of around 12 months by the mid-1980s at a cost of up to £100 million. For November 1984 a further 2-3 mt of coal might be put to stock in England and Wales (in addition to the 30 mt now) and a further 0.5 mt in Scotland (in addition to 3 mt now), at a cost of perhaps £30 million. This would add about 2 weeks to the 28-30 weeks endurance that would otherwise be available in November 1984.

7. Other means of increasing endurance involve additional oil burn:

a. Retention of old CEGB oil-fired plant that is due to be phased out over the next few years would entail extra operating costs of around £10 million a year and provide additional endurance of 1-1½ weeks. The CEGB would not welcome such a suggestion which would be at odds with their desire to cut costs.

b. In Scotland there is the possibility discussed in Annex A of MISC 57(83) 12 of fully manning the oil-fired capacity at Inverkip and Peterhead so that it could be brought into use in the event of a miners' strike. But this option, as the report makes clear, is extremely



unattractive, not only on financial grounds but also on industrial relations and management grounds since the workers concerned would be active only in the event of a miners' strike and would have virtually nothing to do at other times.

c. The burning of lighting-up oil at coal-fired power stations supplied via an extended Government pipeline system at a capital cost of £4 million, providing additional endurance of 4-6 weeks.

d. Dual firing of 15,000 MW of coal-fired plant at a capital cost of £2-3½ billion, providing additional endurance of one year.

8. Of the above options only the manning of part of the Scottish oil-fired plant is feasible for November 1984, together with the retention of one or two old small CEGB oil-fired stations. As the report by officials (MISC 57(83) 12) attached to my minute of 21 July 1983 explains, all these options involving extra oil burn would be vulnerable to a decision by the power station workers, in the event of a strike, not to co-operate in achieving abnormal levels of oil burn. The option of conversion to dual-firing has two other major disadvantages - its very high cost and the fact that the work would take five years during which time the stations being converted would be out of commission and vulnerability to industrial action would be increased.

Other Outstanding Points

9. There are three other outstanding points left open in the Secretary of State for energy's minute of 23 June 1983.

i. Strategic Stockpile for Small Industrial Users

10. MISC 57 was asked to look further into possible measures to help small industrial coal users who can hold little or no coal on their own premises and normally draw it direct from the pits. It was thought that the NCB might be able to establish strategic stockpiles for these customers away from the pits providing 7-8 weeks supply. Further work has however confirmed that the

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stockpiles, whose existence would have to be widely publicised to potential users, would be exposed to a high risk of picketing. Any improvement in endurance is therefore speculative, although there would be public relations benefits from having made the attempt to maintain supplies. Officials do not consider that the likely benefits are sufficient to justify the cost, now estimated at £2 million.

ii. Ancillary Materials

11. The CEGB are confident that the existing 20 weeks' supplies of ancillary materials can be made to last for 26 weeks with feasible replenishment. Some increase in stocks of ancillary materials might be desirable to match the increasing endurance in respect of fuel supplies (paragraph 4), particularly if further measures were authorised to increase coal stocks or oil burn. An extra 6 weeks would cost some £25 million. Would such expenditure be justified?

iii. Carbon Dioxide at Nuclear Power Stations

12. Stocks of carbon dioxide, used as coolant at nuclear power stations, are sufficient for only 3 weeks normal use. This could be stretched in an emergency to 6 weeks at full output or rather longer at lower output. The CEGB believe that since the majority of nuclear power stations are remote from the coal fields, and since the primary fuel supply is secure, picketing would be sporadic and not determined. Loss of carbon dioxide deliveries would reduce overall endurance by only 2 weeks or less at present though this would increase to perhaps 3-4 weeks by the mid-1980s as nuclear output and overall endurance grow. Increasing storage facilities substantially (say to 26 weeks) would cost around £45 million (including Scotland), would take 18 months, would require planning permission and might serve to draw the attention of the unions, particularly the NUM, to this area of vulnerability. Would it be better to take the risk of trying to ensure replenishment at the time, especially bearing in mind that the effect on endurance is only a few weeks?



Summary of Points for Decision

13. The points for decision are therefore:

- a. whether it would be worthwhile to increase power station endurance further above present plans (6 months now, growing to 7½-9 months by November 1986);
- b. if so, which of the approaches should be pursued in consultation with the Electricity Boards: more coal stocks at power stations; keeping open old CEGB oil-fired stations; manning modern Scottish oil-fired plant; use of Government pipeline; or dual-firing;
- c. if Ministers favour a further increase in power station coal stocks, whether steps should now be put in hand to increase them by November 1984, to the extent feasible (2½-3½ mt) at a cost of perhaps £30 million;
- d. in relation to other outstanding points:
 - i. whether the proposal for strategic stockpiles for small industrial coal users should be dropped;
 - ii. whether (depending on a., b. and c.) stocks of ancillary materials should be further increased from November 1984 onwards;
 - iii. whether any action should be taken to increase stocks of carbon dioxide at nuclear power stations.

14. I am sending copies of this minute to the Home Secretary, the Chancellor of the Exchequer and the Secretaries of State for Energy, Defence, Scotland, Trade and Industry and Employment.

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ROBERT ARMSTRONG

26 October 1983