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RECORD OF A MEETING HELD AT NO.10 DOWNING STREET ON
WEDNESDAY 25 JULY AT 1830 TO DISCUSS POWER STATION ENDURANCE

Present were:

Prime Minister
Secretary of State for Energy
Sir Walter Marshall
Sir Kenneth Couzens
Mr Gregson
Mr Buckley

Sir Walter Marshall gave a presentation on CEGB's work to extend power station endurance. He showed the Prime Minister a chart which plotted coal supplies on one axis and power station endurance on the other. He said that in addition to coal supplies the other main variable for extending endurance was the extent to which the CEGB could enhance the performance of oil and nuclear generation.

Over the past three weeks coal supplies from Notts mines (shorthand for all the working areas) had been 0.47 mt. This was an improvement on the average of the past 20 weeks of 0.42 mt. If supplies were maintained at this level the safe date for endurance was June 1985. The CEGB's internal target which discounted performance by 7%, gave endurance to November 1985. The chart showed that nuclear generation plus oil generation plus Notts coal almost exactly matched the summertime needs so that once endurance could be extended into the spring of 1986 it would be possible to extend it into the following winter.

Sir Walter said that these calculations were extremely sensitive to variations to the supply of Notts coal. A small increase would extend endurance considerably. In the last week coal deliveries to power stations had been 0.52 mt

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and this extended the safe date to Christmas 1985 with the possible date of January 1986. Conversely a 10% shortfall could create difficulties as there would be a point around March 1985 when stocks would be very low.

Mr Walker said he had cross-examined Sir Walter to eliminate optimism from these estimates. The projections for nuclear availability were conservative. Sir Walter said that Magnox generation was a well tried system for which it was possible to make reasonably confident estimates. CEGB were reasonably sure that they could enhance the output of Magnox stations. There were two AGRs operational, Hinkley Point and Heysham I. These were now performing well but were due for overhaul in October 1985 and March 1986 respectively. Sir Walter was confident that a case could be made to the Nuclear Installations Inspectorate to postpone these dates. If that were done it would be worth 1000 MW to the system.

The AGRs under construction, Dungeness, Hartlepool and Heysham II were due to be operational by 1986. Sir Walter said he was not counting on more than 30% availability from these stations.

As an aside, Sir Walter said that the safety standards of the regulators were continuously being advanced. To build an AGR to current standards would make them vastly more expensive than PWRs.

On oil fire stations, Sir Walter said Grain had four sets (the fifth set had never been built). It had been manned to operate only two sets but he had persuaded the unions to operate first the third set and now the fourth set. The CEGB had succeeded in getting the capacity at Littlebrook, Kingsnorth and Ince to operate beyond its rated capacity. The NEI rotors had a design fault so that in normal circumstances the CEGB was two rotors short.

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Normally the gaps appeared at Pembroke and Ince as these were stations that were generally out of use. The CEGB, by an elaborate subterfuge, hoped to be able to cannibalise the Ferrybridge station which was in the strike-bound area, in order to provide the missing rotors.

Sir Walter explained that the original founder of the CEGB had been Lord Citrine. Under his influence the CEGB had been unionised from top to bottom. It was, therefore, an extremely delicate operation to get the CEGB staff to undertake a number of activities outside their normal range. He had had to proceed carefully but so far he had been successful. The leadership of the various unions within the CEGB had privately told him that their ability to provide moderate leadership would be totally undermined if the hard left leadership of the NUM were successful.

Sir Walter said that this analysis indicated the following priorities:

- (i) It was essential to maintain the output of the Notts coalfields. Small improvements in supplies increased endurance dramatically; small shortfalls curtailed it dramatically. Very little else mattered. The contribution from other forms of generation was trivial by comparison. All decisions should be measured against the test of whether they kept Notts miners at work and that coal being delivered.
- (ii) It was essential to maintain transport from the Notts pits. Though road transport had done well in meeting the shortfall, deliveries by rail were essential. This meant that every effort had to be made to keep the railway unions working. It might therefore be necessary yet again to make some concessions next winter in the pay negotiations.

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- (iii) The CEGB should maintain as low a profile as possible. Their motto was "it is not our dispute" and "by law our job is to keep the lights on".
- (iv) It was essential to maintain oil supplies.

Sir Walter then turned to the various questions which the Prime Minister had raised and which I had communicated to him by telephone.

- (i) Private generating capacity could make only a small contribution. 80% of the capacity was in 46 installations. Sir Walter's concern was whether activating this capacity could be done discreetly without losing a propaganda point to the NUM. If so it was worth doing.
- (ii) Diesel generators and gas turbines were extremely expensive to run and were designed to meet sudden surges in demand and not to be operated continuously. They therefore had little contribution to make to endurance.
- (iii) On the maintenance of oil stations the CEGB was hoping to negotiate for an extension of the statutory overhaul.
- (iv) Sir Walter said the timetable for the cross channel link had slipped three months. There had been problems of civil engineering, particularly with hard rock near Folkestone. The first half of the project was likely to be completed by 31 January 1986. Though the second cable was running later it was not on the critical path; the difficulty lay with completion of the converter stations.

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(v) Sir Walter said that importing coal would be a mistake. This would have an emotional appeal even to the Notts miners. It was better to dedicate imports to industry and avoid getting the CEEGB embroiled in this argument.

(vi) The effect of extending summertime was extremely small though it might be worth considering.

Mr Walker said that the estimates provided by Sir Walter had been on the basis of normal demand. He was confident that it would be possible to reduce demand through his Energy Efficiency Campaign. Although extending endurance was not its ostensible purpose it would have that effect. He was planning to launch a major publicity exercise in the autumn and had agreed with Sir Terence Beckett that the CBI would approach all major energy users confidentially to explain that a significant response to this Campaign would add to endurance.

Mr Walker said there were a number of up side and down side risks. On the up side there was the possibility that the Notts miners could be persuaded to drop their overtime ban though in practice they were not enforcing this vigorously. In addition it was hoped to be able to negotiate a change in the planning controls on the Cannock open cast pit. At present movements were restricted to rail; it was hoped to secure permission for road movements. On the down side there was the fact that the margin for error in March was extremely small, and was therefore vulnerable to a small reduction in supplies. There was evidence that the rail unions were campaigning actively to secure greater industrial action and that further support could emerge following the TUC Conference. It was to be hoped, however, that regardless of the resolutions the response on the ground would be limited.

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The Prime Minister thanked Sir Walter Marshall for his presentation. It was agreed that in public nothing would be said beyond the fact that electricity supplies "could endure well into 1985".

The discussion then turned to improving endurance in the longer term. Sir Walter said it was necessary to prepare against the likelihood of a further strike in the late 1980s in which it should be assumed that the Notts miners would come out. The system should provide itself with at least 12 months generation compared with the 6 months provided for in the current plans.

Sir Walter set out the steps necessary:

- (i) Rebuild coal stocks at pit heads to 30 million tonnes immediately. Even if another miners' strike was unlikely straight after the present one there was always the possibility of a rail strike.
- (ii) Subsequently increase pit head stocks to 40 million tonnes. This would need planning permission, some capital expenditure and would tie up a lot of money in coal stocks. Furthermore its purpose would be obvious.
- (iii) Examination of coal stations which could burn oil either as an alternative to coal or as a mixture. To be strike-proof this would require the construction of pipelines. The CEGB should try to identify stations which could tap in to existing pipelines. This could be done within three to four years.
- (iv) Maintain oil stations fully operational. This would require full staffing even though they would

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would require full staffing even though they would only be used in exceptional circumstances.

- (v) Within the capacity of the currently planned channel link a decision could be taken to buy both regular and back-up supplies.

(Sir Kenneth Couzens said the UK was in a position to bargain very hard as the French had a lot of surplus capacity and EdF needed the money.)

- (vi) Build the fifth set at Grain for dual firing.

- (vii) Expand capacity for open cast mining and arrange operations so that the handling was done entirely by contractor staff. At present mining was done by contractors but the loading was done by NUM members.

- (viii) Accelerate the nuclear programme building PWRs.

- (ix) Possibly construct a second channel link.

- (x) Maintain the loyalty of CEGB staff.

Sir Walter Marshall said it was ironic that the continuing threat of an NUM strike would increase the demand for coal quite substantially. Mr Walker agreed but pointed out that this did not mean the extra coal had to be supplied by keeping old pits open; it could be found from new pits.

The meeting concluded at 2010.

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