

Prime Minister

ACCELERATED DELIVERIES OF COAL TO POWER STATIONS

We agreed last summer that NCB coal deliveries to power stations should be accelerated by bringing forward coal from the winter to the summer programme within the proposed total for the year. I am happy to say that our aim of raising power station stocks by 1 November by at least 1½m tonnes was achieved without attracting undue attention.

As you agreed in response to David Howell's minute of 2 September (your Private Secretary's letter of 9 September) the Boards have continued with enhanced deliveries in November and December and I hope that by the end of this month some 2m tonnes of additional coal will be in stock at power stations, bringing total power station coal stocks to 20½m tonnes.

Since the Boards normally arrange their delivery schedules a month in advance and are about to consider the January programme, we need to take an early decision on the level of deliveries in January-March.

If we do nothing, the Boards will reduce deliveries in these months so as to offset the additional 2m tonnes already delivered. I therefore propose that we should ask the Boards to continue deliveries during January-March at the rate intended to preserve the increase expected by the end of this month. This would involve deliveries of up to 2m tonnes more coal than would otherwise be the case and would allow us to consider the recently circulated MISC 57 reports, on which I will be commenting separately, in the knowledge that the addition to stocks we have managed to secure will not be eroded in the New Year, as would otherwise occur.

However, there is no way in which the CEGB can finance this additional coal purchase within their existing 1981-82 EFL. Nor do they wish to see an increase in their EFL in order to buy more coal which they do not believe they need. In short, they are willing to accept deliveries at the proposed level only if payment for the extra coal is deferred until 1982-83. I therefore propose that we should not increase the electricity supply industry's EFL but should accept that the additional deliveries should be on deferred payment terms.



The NCB, however, have been counting on receiving prompt payment for 1½m tonnes of additional coal in order to keep within this year's EFL. I therefore propose that we now agree to raise the NCB's EFL by the cost of an extra 1½m tonnes of coal (some £60m). I would also encourage the NCB to deliver the further ½m tonnes necessary to preserve the increase to be achieved by the end of December although without making any corresponding adjustment to their EFL.

If you agree, officials will also need to consider whether the handling costs of the further deliveries can be met within the £10m increase in the NCB's EFL and grant which we agreed in May and, if not, what increase is needed. Any increase is likely to be very small.

I should be grateful if you and other colleagues could let me know whether you agree with these proposals. It is only by giving assurances now about the financial arrangements that will apply that we can maintain the increase in stocks that has already been achieved and thus avoid prejudicing the MISC 57 strategy we are shortly to discuss.

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

NR.

Secretary of State for Energy

10 December 1981



The bill, however, have been considered and the committee report is
 to be made by the committee in order to keep within the year's bill. I
 therefore propose that we not raise the bill by the cost of
 an extra 1/2 cent of coal (one cent). I would also encourage the bill
 to be passed the further to be passed the further to be
 and we of the one of these articles without making any corresponding
 adjustment to their bill.

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If you agree, officials will also need to consider whether the legislation
 could be furthered by the bill. I think the bill is a good one in the
 bill. The bill would also be a good one in the bill. I think the bill is a
 needed. Any increase in the bill is a good one in the bill.

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I should be grateful if you and other colleagues would let me know whether you
 agree with these proposals. It is only by five members now about the
 financial arrangements that will apply that we can estimate the increase in
 the bill. It has already been agreed and this would be a good one in the bill.

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I am copying this minute to the Chairman, the House Secretary, the Secretary
 of State for Employment and Scotland and to Sir Robert Armstrong and
 Sir John.

Secretary of State for Health
 10 December 1951