

SUBJECT

Maclean

FILE

Energy

BK



10 DOWNING STREET

From the Private Secretary

13 January 1982

Dear Julian,

Sizewell 'B' PWR Project

The Prime Minister held a short meeting this morning with your Secretary of State and with the Secretary of State for the Environment about the Sizewell 'B' PWR Project.

Your Secretary of State said that the CEGB's draft pre-construction safety document had been delivered on Christmas Eve. There should, therefore, be no obstacle to the Nuclear Installations Inspectorate publishing their status report on the safety of the design by the end of June. On this basis it should be possible to start the main hearings of the inquiry in late October or early November 1982. If the NII's report slipped, he recognised that it would be necessary for the inquiry to start commensurately later. He hoped to make a statement to Parliament early next week about this timetable. It was vitally important to keep up the momentum, as he was proposing.

After discussion, it was agreed that the best course would be to announce that the inquiry would start at the beginning of January 1983. This would allow a clear year between the Secretary of State's announcement next week and the commencement of the inquiry. The Secretary of State would also announce that the NII had told him that they would be publishing their safety report by the end of June. The gap between June 1982 and January 1983 would evidently be in excess of the four month period recommended by the Select Committee on Energy for consideration of the NII report - even taking account of summer holidays. The overriding objective must be to avoid action which might prejudice the PWR programme; to this end there must be no ground for an accusation that the Government were attempting to push the Sizewell inquiry through hastily. Taking a realistic view of the time the inquiry would take, it was recognised that the issue might well be unresolved in the autumn of 1983 as the next General Election approached.

It was agreed that the Secretary of State for Energy should make an oral statement to Parliament on Wednesday 20 ~~June~~ ~~January~~.

I am sending copies of this letter to Michael Collon (Lord Chancellor's Office), David Heyhoe (Lord President's Office), David Edmonds (Department of the Environment) and Murdo Maclean (Chief Whip's Office).

Yours sincerely,

Michael Scholar

Julian West, Esq.,  
Department of Energy.



Ms Stephens

Many thanks

10 DOWNING STREET

From the Private Secretary

MUS 9/12

Mr. Selous

Brewer B

Nuclear Power Station

S/Env: S/Energy  
will be available at  
1615 on Wed: 13<sup>th</sup>  
January. tea to

of.

9/12

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Energy, NS



10 DOWNING STREET

bc: Duquod  
Walker  
Kerker  
Terry Mathews,  
CS, HWT.

From the Private Secretary

7 December 1981

Sizewell 'B' PWR Project

The Prime Minister was grateful for your Secretary of State's minute of 26 November about the Sizewell 'B' PWR Project. She was also grateful for the Secretary of State for the Environment's minute of 4 December on the same subject.

The Prime Minister has commented that in view of the Parliamentary difficulties which have been encountered in relation to the Armitage Report we may expect further difficult on the environment front which will bear directly on the Sizewell 'B' project. The Prime Minister feels that if we try to hasten this inquiry and telescope the "safety" timetable, the whole future of the PWR programme may be prejudiced. She accordingly wishes that there should be a discussion of your Secretary of State's proposals, and I will be in touch with Sir Robert Armstrong's office to this end.

I am sending copies of this letter to Michael Collon (Lord Chancellor's Office), David Heyhoe (Lord President's Office), David Edmonds (Department of the Environment), Murdo Maclean (Chief Whip's Office) and David Wright (Cabinet Office).

MCS

J.D. West, Esq.,  
Department of Energy.

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PRIME MINISTER

## SIZEWELL 'B' PWR PROJECT

The Secretary of State for Energy sent me a copy of his minute to you of 26 November about the timetable for considering the Sizewell project.

I am concerned about the tightness of the timetable envisaged. It allows for a period of only 3/4 months between the time when the report of the NNI is expected and the date of the public inquiry. The Select Committee on Energy recommended a period of 4 months for consideration of the NNI's report, and I reflected this view in my letter of 3 July to the Secretary of State for Energy when I indicated my agreement to the procedure he proposed.

If we adopt the timetable he now proposes we will be in a position where, even if all goes according to Plan, the time allowed will be shorter than was earlier thought desirable; and there is clear risk of slippage. I need hardly stress that the Sizewell inquiry is going to be a difficult and contentious one. I have no doubt that the air will be rife with accusations that the Government are already committed to the project and that they are trying to force the thing through with indecent haste. While therefore I understand the reasons for not wanting the date of the inquiry to slip, I do think it would be wise to postpone it by say a month to 6 weeks and thus reduce the risk of either prejudicing the atmosphere of the whole inquiry or of causing great inconvenience and abortive costs by a late adjournment.

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I am copying this minute to the Lord Chancellor, the Lord President, the Secretary of State for Energy and the Chief Whip.

*MH*

MH

4 December 1981

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CC BTA  
BT

As I don't know  
how long the usual  
lasts. 'Can 2 am?

Prime Minister

Agree to Mr Lawson

PRIME MINISTER

*I'm afraid we shall  
to discuss it. The barney  
statements has already covered  
the point on is revision  
matter. I feel that if these lines?  
we try to have them  
colours and what? Or should we, in the light  
of Mr Heseltine's minute of 4/12,  
the whole thing a discussion? At E?  
perhaps 4/12  
be prejudicial*

SIZEWELL 'B' PWR PROJECT

As you know, we are committed to hold a public inquiry into the CEGB's application to build the first British Pressurised Water Reactor at Sizewell in Suffolk. I would hope to make a Parliamentary statement about the probable timing of the inquiry shortly before the House rises for Christmas.

You will recall that following difficulties with the preparation of a satisfactory design earlier this year a Task Force was set up under Dr Marshall, Chairman of the Atomic Energy Authority bringing together the CEGB, National Nuclear Corporation, Bechtel and Westinghouse, to oversee the timely development of a mutually acceptable design. Under Dr Marshall's chairmanship good progress has been made and the Task Force advises me that:

- (i) a satisfactory reference design has now been evolved which the parties believe will meet the necessary safety standards and be competitive with other forms of electricity generation. The CEGB's endorsement of the design was announced in October;
- (ii) the necessary safety documentation (the so-called preconstruction safety report) can be prepared and published by the CEGB by the end of April, together with the CEGB's formal statement of case.

The Nuclear Installations Inspectorate have been closely consulted on the design and have advised me that:



- (i) they plan to publish their status report on the safety of the design by the end of June;
  
- (ii) while this timetable will not permit them to satisfy themselves as to every aspect of the safety case, they will nonetheless be in a position to indicate whether they see any major obstacles to issuing a consent to start; on the basis of the work they have done so far they are confident that they will be able to say that there are no such obstacles, though there will be issues needing resolution as construction proceeds.

The Task Force has advised me on this basis that it would be realistic to aim to start the main hearings of the inquiry in late October or early November 1982. They are confident that the proposed timetable can be met and that they will be able to approach the inquiry with a sound and well-prepared case.

This timetable will be consistent with the recommendations of the Select Committee on Energy and will, by all past precedents, allow objectors and other potential participants a generous period of time to prepare for the inquiry, although they will not see it like that. The Inspector whom I have appointed for the inquiry, Sir Frank Layfield, has indicated to me that he would be content with the timetable.

In considering the Task Force's proposals I have had meetings with all the interested parties and examined with them all the risks attaching to this timetable. In particular,

- (i) the timetable allows for practically no slippage. Adhering to timetables is not the industry's strong point but I believe that with the senior figures in the industry effectively staking their reputations on meeting the timetable, and with Dr Marshall overseeing the whole operation, there is a reasonable chance of serious slippage being avoided;

- (ii) the NII will be obliged to indicate that they will wish to see the results of further work before they can be satisfied as to the safety of certain aspects of the plant. The NII are confident that given time all their reservations will be satisfied. But objectors will undoubtedly make the most of them;
- (iii) the lack of completeness of the NII's safety assessment at the time of the inquiry will be contrasted unfavourably with expectations raised by earlier statements by the NII which they now accept were unrealistic;
- (iv) objectors will attempt to make unfavourable comparisons between the safety of the earlier and abortive design and that which has now been developed.

→ In spite of these risks, which cannot lightly be brushed aside, I am satisfied that we should proceed on the timetable proposed and that this offers the best chance of establishing the PWR as a valid option. Indeed if we cannot start the inquiry in November 1982, the chances of making a start on construction of the Sizewell station before the next election will become very remote indeed.

Subject to your agreement, and that of colleagues, and to final confirmation of the timetable by all the parties I therefore propose to make an oral statement to Parliament before the House rises. This, in turn, will enable the Inspector to prepare for a preliminary hearing early in the New Year. It is the intention that the Chairman of the Task Force (Dr Marshall) should make a public statement at the same time about progress with the project, and that the NII should also make a statement about their role in the inquiry and its relationship to the licensing process under the Nuclear Installations Act.





- 4 -

If you agree, my office will be in touch with yours, and with the Lord President's, about the precise timing of my statement.

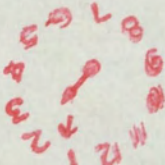
I am copying this minute to the Lord Chancellor, the Lord President, the Secretary of State for the Environment and the Chief Whip.

*ML*

SECRETARY OF STATE FOR ENERGY

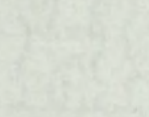
26 November 1981

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25 NOV 1981

COMMUNICATIONS



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Bechtel Power Corporation

Engineers—Constructors  
Fifty Beale Street  
San Francisco, CA 94105

H. O. Reinsch  
President

CF Yours?

September 24, 1981

David Wright

Prime Minister

MCSchm

P28

RCF 30/9

The Right Honorable  
Mrs. Margaret Thatcher, M.P.  
Prime Minister and First  
Lord of the Treasury  
House of Commons, SW1  
London, England

1/10

Dear Mrs. Thatcher:

Thank you very much for the opportunity of seeing you during this past week to discuss with you, Dr. Marshall and members of your staff our progress on the PWR Project. It is my personal feeling that we are all now pulling together in the same direction, in a way which will achieve your overall objectives both in Great Britain and in the export market.

With your continued firm leadership, and the fine course that has now been set, we believe that the PWR Program can be realized within the UK in the safest, most reliable and economical manner, and that the possibility of working together abroad is a realistic objective. Please know that you will have my personal commitment to these principles, to your overall nuclear power program, and to you.

Respectfully,

*Harry Reinsch*  
H. O. Reinsch

HOR:sc

Ref. A05489

MR. WHITMORE

You will shortly receive a letter from Dr. Walter Marshall, Chairman of the United Kingdom Atomic Energy Authority, conveying a request from the Presidents of Westinghouse and Bechtel, who will be in London early next week, for a few minutes of the Prime Minister's time while they are in London.

2. The background is as follows.

3. Earlier this year, there was a series of setbacks to the pressurised water reactor (PWR) programme. The design produced was much too expensive, and created some safety problems. The design had to be rejected and a task force was set up under Dr. Marshall to try to overcome the problems. Dr. Marshall will report to the Secretary of State for Energy on Tuesday 15th September. The task force has produced an agreed design, which promises to have solved the problems. The cost of the reactor will be 30 to 35 per cent less than that of a comparable advanced gas-cooled reactor (AGR); slightly higher than the French PWR because it will be built to more rigorous safety standards; and lower than the comparable German PWR. Dr. Marshall will say that the detailed specifications (if that is the right words) will be issued by May 1982; that the Nuclear Installations Inspectorate (NII) will report in July 1982, and will report favourably; and that the way is clear for the Secretary of State for Energy to arrange for a public inquiry in autumn 1982.

4. As to the organisation for this project, Dr. Marshall is writing to the Department of Energy to propose that it should be done as a joint venture between the Central Electricity Generating Board (CEGB) and the National Nuclear Corporation (NNC). He believes that this will produce the right combination of technical leadership and good working relations which will make sure that the project goes ahead as quickly and as smoothly as possible. Dr. Marshall says that this proposed organisation has been agreed with all the parties concerned.

5. Some months ago, Westinghouse wrote to the Department of Energy proposing a co-operative venture on the sale of PWRs in export markets. As our PWR programme was at that stage in disarray, no more than an acknowledgment

was sent. Westinghouse, and with them Bechtel, are aware of the work of Dr. Marshall's task force and approve the agreed design which it has produced. It makes them all the keener to co-operate with this country in joint ventures in export markets. What is envisaged is a consortium in which Bechtel provides the selling organisation, Westinghouse licenses the nuclear steam supply system, and British industry makes the reactor and the turbines. Countries in which joint ventures of this kind are contemplated include China, Finland, Mexico and South Africa.

6. With the agreed design established, Westinghouse and Bechtel are eager to get on with the establishment of these joint ventures. The matter has a degree of urgency because the President of Bechtel is visiting China next month on this subject. This is among the matters which the Presidents of Westinghouse and Bechtel will be discussing on their visit to London early next week.

7. Understandably Dr. Marshall is excited, both at having arrived at an agreed design and at the possibility of these joint ventures in export markets, with all that they would mean for the British nuclear industry and for jobs in Britain. He is, however, caught up on a difference of view between the Department of Energy and the Department of Industry. The Department of Industry have been committed to co-operation with the French on civil nuclear projects in China. There is thus an interdepartmental dispute to be resolved before a commitment can be made to a joint venture with the Americans of the kind envisaged by Dr. Marshall. He would very much like to find some way to sort out the dispute, so that a clear answer can be given before the President of Bechtel goes to China.

8. If the Prime Minister felt able to accede to the requests of the Presidents of Westinghouse and Bechtel for a short meeting, that would provide a basis on which we could ask for urgent advice from the two Departments and, if there was disagreement (as seems likely), bang their heads together and sort it out before the Prime Minister goes to Melbourne on 25th September.

9. I realise that the timing is not ideal. But the Presidents of Westinghouse and Bechtel are two very major figures in the nuclear business; and the issues at stake are obviously very big.

10th September 1981

ROBERT ARMSTRONG