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Prime Minister
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PRIME MINISTER

POWER STATION COAL STOCKS IN FEBRUARY AND MARCH

1. Exceptionally bad weather and ASLEF mid-week stoppages have combined to reduce coal stocks more sharply than usual. Each week of ASLEF action on the present pattern reduces coal stocks by about $\frac{3}{4}$ m tons.
2. Power stations held about $13\frac{1}{2}$ mt of coal in stock at early February - about 5 weeks endurance. Assuming that the weekly loss of coal deliveries through ASLEF action continues at $\frac{3}{4}$ mt, coal stocks by end of February will have fallen to about $10\frac{1}{2}$ mt, 4 weeks endurance.

3. Action Already Taken


The Boards earlier increased their oil burn and stocks but, because of ASLEF's action the latter have now been run down somewhat. The movement of NCB coal by road to the CEGB has been doubled; last week some 250,000 tons went by road. Road delivery in Scotland has now taken over from rail and endurance at Scottish power stations is higher on average than in England and Wales.

4. The CEGB have, up to now, felt that no further exceptional measures (except for a small amount of coal imports) need be taken until it is clear that the ASLEF action will last beyond the end of February. But I believe that it would be prudent for some action to be taken (especially with our longer term strategy, as discussed by MISC 57 and in my other minute of today, in mind).

Further Measures

5. Oil. It would be possible to burn oil to the equivalent of 800,000 tons of coal a week at an additional cost of say £60m / week. Such a course would be obvious to the power, rail and mining unions but could easily be justified as a response to the bad weather and the ASLEF action.

SECRET


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6. Two weeks of extra oil burn gains one week's endurance of coal, so that such action to the end of March (at a purchase cost of £360m and a net cost of about £260m) could raise endurance then to seven weeks. There would, of course, need to be discussions with the Boards about the EFL and financing implications of such extra oil burn.

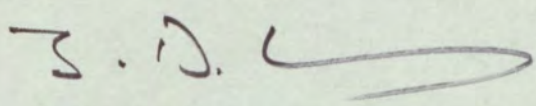
7. Coal Imports. It would be possible to bring in about 250,000 tons of coal imports by end-March if a decision to do so were taken immediately. But this would involve breaking the agreement to limit imports reached last February after the Coal Tripartite. It would no doubt cause difficulties with the NUM and the gain of endurance would be minimal. The CEEGB would like to resume imports but I believe that we should not allow them to go above the 750,000 tons agreed with the NUM until it becomes clear that the ASLEF action will continue beyond the end of February or escalate in the meantime.

Recommendations

8. I recommend:-

- (a) that the Boards should be urged to continue to use road transport to move as much coal as possible;
- (b) that the CEEGB should be told that, in view of the ASLEF action, they should increase their oil burn as soon as possible to the level discussed above in order to build up coal stocks and
- (c) that the CEEGB should not at present be permitted to import coal in this financial year above the limit of 750,000 tons agreed with the NUM.

9. I am copying this minute to the Chancellor of the Exchequer, the Secretaries of State for the Home Department, Employment, Defence, Scotland, Transport and Industry and to Sir Robert Armstrong and Mr Ibbs.


Approved by the Secretary of State for Energy
and signed in his absence.

4 February 1982



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The words of order are... (faint text)

It would be... (faint text)

CONFIDENTIAL

- (a) that the...
- (b) that the...
- (c) that the...

12 FEB 1952

I am... (faint text)

Approved by the Secretary of State for India...

Secretary