

MR. SCHOLARIncreasing power station and industrial endurance

It may help if I identify the decisions required on the basis of Mr. Lawson's note to the Prime Minister of 22 June, to which is attached the latest MISC 57 Report. There is a summary in paragraph 25 of the Report, but I will take the issues in the same order as Mr. Lawson. I do not think any of these issues justifies a meeting.

✓ 1. Squeezing in even more coal, above the 24 mt target, on existing CEGB sites. I see no reason not to do this. In effect, it represents an upward revision of our estimate of the capacity of existing CEGB sites.

2. Constructing new sites to accommodate an additional 4 mt at power stations. Under the circumstances of a miners' strike, when we would be on maximum oil burn, this would add four weeks endurance, not the two weeks suggested by Mr. Lawson. But I do not think it would be worth the financial cost, the cost in extra visibility, or the uncertainties of seeking planning permission. And, given the prospects for the rail strike, it seems rather unlikely that we would be able to use it this year.

How can the £30m be calculated. It sounds unduly expensive. mt

✓ 3. Ensuring adequate supplies of ancillary materials. The Prime Minister may recall that Mr. Lawson undertook in March to study and report on the prospects for getting ancillary materials to the same level of endurance as coal. As you have already commented, this part of the Report is disappointing. Mr. Lawson could be told to take whatever steps are necessary to ensure that both this year and in the future the stock of ancillaries, or our capacity to replenish them, is sufficient.

4. Enhancing endurance in the longer term by dual firing, strengthening the inter-connectors, or using non-rail coal transport. The Report is pessimistic, and I believe justifiably so. The costs of dual firing and of building new inter-connectors are enormously high compared with the increased endurance they would purchase. There is no harm in studying the prospects for conveyors and

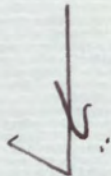


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slurry pipelines, but they hold little prospect of making much difference.

5. Encouraging industrial users to stock additional coal. Most of them will already have done so because of the prospects for the rail strike, and I doubt if any action needs to be taken.



John Vereker

25 June 1982

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