



SECRETARY OF STATE FOR ENERGY
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Prime Minister

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7 July 1982

SECRET AND PERSONAL

Michael Scholar Esq
 Private Secretary to
 The Prime Minister
 10 Downing Street
 LONDON SW1

Dear Michael,

INCREASING POWER STATION ENDURANCE

In your letter of 28 June you asked for further information on how the cost of £30m for stocking an extra 4m tonnes of coal on new sites at CEGB power stations was calculated.

The breakdown of the costs of the existing scheme for accelerating deliveries of coal to power stations is approximately: CEGB handling and stocking £2/tonne; NCB handling £1/t; transport £3.3/t; total £6.3/t. A scheme to stock coal on new sites within power station boundaries would cost perhaps an extra £1/tonne because of the higher costs of moving coal further from the rail head. The cost of accommodating an extra 4 million tonnes would therefore be about £30m.

The feasibility of taking an extra 4m tonnes of coal into power station stocks for possible use this year depends on the duration of the railways dispute and whether or not there is time to go through the necessary planning procedures and carry out civil engineering works. We will be exploring the latter points further with the CEGB. The problem of visibility remains.

On the question of ancillary materials we are pursuing the possibilities urgently with the CEGB, both for this and later winters. My Secretary of State will be reporting further on progress.

I am sending copies of this letter to John Halliday (Home Office), John Kerr (HM Treasury), Jonathan Spencer (Department of Industry), David Omand (Ministry of Defence), Anthony Mayer (Department of Transport), Barnaby Shaw (Department of Employment), Muir Russell (Scottish Office), David Wright (Cabinet Office) and Gerry Spence (CPRS), for the usual limited circulation.

Yours ever,

JULIAN WEST
 Private Secretary