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Prime Minister

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To note

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SECRET AND PERSONAL

Prime Minister

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OIL BURN DURING A RAIL STRIKE

When we discussed the outlook for the railway dispute on 21 June it was agreed to defer any decision on power station oil burn until after the NUM Annual Conference.

I discussed the timing of oil burn yesterday with Walter Marshall, in the light of the latest position on the railways. I had previously seen Norman Siddall. Walter Marshall expects the CEGB to decide on Monday to start oil burn immediately, building up to the maximum level at present available (300,000 tons of coal equivalent a week) by the end of next week. He understands that the Government is prepared (as Geoffrey Howe and I have agreed) to make a grant to the Board to offset the extra costs, in the interests of electricity consumers.

Norman Siddall would have preferred a somewhat later start, waiting until the end of next week when colliery holidays will be well underway, but he would not be over-concerned at an earlier start, especially in the event of the railways closing down.

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In the circumstances I am sure it would be right to agree to the CEGB's proposal.

I am sending copies of this minute, for the usual limited circulation, to the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Industry, Transport, Employment, Scotland and Defence, Sir Robert Armstrong and Mr Sparrow.

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Secretary of State for Energy

15 July 1982

SECRET AND PERSONAL