



cc JV 44  
①

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Prime Minister

P.0840

Agree to consider  
the matters at X at  
your Sept 10<sup>th</sup> meeting?

Yes ms

ms 6/9

MR SCHOLAR

Power Station Endurance

In recent minutes to the Prime Minister the Secretary of State for Energy (4 August) and the Chancellor of the Exchequer (11 August) both proposed that the Official Group on Coal (MISC 57) should examine the current position on stocks of ancillary materials at power stations.

2. I attach a copy of the report prepared by MISC 57. Besides dealing with ancillary materials the opportunity has been taken to present an up to date report on the likely level of coal stocks at power stations by 1 November. It will be seen that whereas coal stocks are likely to exceed the original target set by Ministers by some 2 million tonnes, giving a probable power station endurance of between 20-24 weeks, stocks of ancillary materials are likely to be enough for only 9 weeks' operation - the available storage capability being fully utilised.

3. The report goes on to examine what might be done during the coming winter to resupply ancillary materials in the event of a miners' strike and also what need to be done to conserve stocks of ancillary materials should adequate resupply prove to be impracticable. It also refers to the Electricity Boards' plans to increase their ancillary storage facilities permanently by November 1983, about which the Chancellor of the Exchequer has expressed some anxieties on grounds of expenditure and timing.

4. The report therefore seeks decisions from Ministers on two points relating to stocks of ancillary materials:

- whether consultations about the use of servicemen to replenish stocks of ancillaries this year should be delayed until industrial trouble in the coal industry is clearly imminent;



SECRET AND PERSONAL

X | - whether the Electricity Boards should proceed with work to increase stocks of ancillaries to 20 weeks by November 1983, despite the cost and the possible adverse impact on this year's negotiations.

5. The Prime Minister will probably wish to deal with these two points at her meeting on 10 September on Coal Industry Pay.

6. I am sending copies of this minute and the attached report to the Private Secretaries to the Home Secretary, Chancellor of the Exchequer, the Secretaries of State for Scotland, Defence, Industry, Employment, Energy and Transport, Mr Sparrow and Sir Robert Armstrong.

*PLG*

P L GREGSON

Cabinet Office

6 September 1982

SECRET AND PERSONAL

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AND PERSONAL

## POWER STATION ENDURANCE

Report by the Official Group on Coal (MISC 57)

### INTRODUCTION

1. This report deals with -
  - a. power station coal stocks; and
  - b. the current level of ancillary materials, the replenishment of stocks during a miners' strike this year and the measures which the Electricity Boards propose to take to increase storage capacity permanently.

### POWER STATION COAL STOCKS

2. Power station coal stocks in England and Wales currently stand at over 22 million tonnes. By the end of October, if there is no further industrial trouble on the railway, coal stocks are likely to be 26 million tonnes, 2 million tonnes above the original target.
3. In theory this represents 24 weeks' endurance of an all-out miners' strike, on the assumption that all the normal measures to conserve power station coal stocks (ie maximum oilburn, transfer of power from Scotland, imports) would be taken as soon as the strike began. In practice, endurance could be slightly less (to a minimum of 20-21 weeks) for a variety of reasons, for example if the introduction of maximum oilburn were to be delayed. (The calculation of endurance is in the Annex.)
4. Pithead coal stocks by the end of October are likely to be about 21 million tonnes, of which 10 million tonnes might be useable in power stations. If it proved possible to overcome the obstacles to using these stocks, which were discussed in our report of 6 December 1981, endurance could be increased by up to 12 weeks.

**SECRET**

AND PERSONAL

SECRET

AND PERSONAL

5. In Scotland coal stocks, by 1 November, will match the endurance of the Central Electricity Generating Board (CEGB) system and allow the continuous export of maximum power to England and Wales for up to about 15 weeks.

6. Industrial coal stocks are likely to be substantially lower. In general coal-burning industries seem likely to have sufficient stocks for perhaps 8-12 weeks; in particular the British Steel Corporation will have about 6-8 weeks' stocks. But some, notably the motor and paper industries, may well have much less, possibly as low as 4 weeks.

7. The continuing build-up of power station coal stocks could, of course, be disrupted if there were to be further serious industrial trouble on the railways before November. This seems unlikely. The Railway Staffs National Tribunal (RSNT) will not report until the second week of September. Whatever its recommendations (which will not be binding) there will inevitably be further, detailed negotiations between the British Railways Board and the trades unions. Before these can take place the RSNT award will first have to be considered by a recalled Delegate Conference of the National Union of Railwaymen. Matters are, therefore, unlikely to come to a head until the middle of October at the very earliest.

8. If the negotiations break down, the trades unions will probably adopt disruptive tactics rather than call for an all-out strike. In similar disputes in the past the Electricity Boards have succeeded in moving substantial volumes of coal by road and by rail, and they ought to manage to do so again. The impact on power station coal stocks therefore seems likely to be slight.

#### ANCILLARY MATERIALS

9. A wide range of ancillary materials is essential for the operation of all types of power stations. The Secretary of State for Energy's minute of 4 August to the Prime Minister reported that by November stocks of ancillary materials at the power stations could be sufficient for only 9 weeks, but that the CEGB proposed, by November 1983, to increase storage capacity and stocks to 20 weeks; a comparable situation exists in Scotland. The

SECRET

AND PERSONAL

**SECRET**

AND PERSONAL

Chancellor of the Exchequer, in his minute of 11 August, raised questions about the need permanently to increase stocks and about the timing of doing so in relation to this year's miners' pay negotiations. There are thus two issues for Ministers, viz -

a. what can be done during a miners' strike this year to replenish stocks of ancillary materials at the power stations?

b. in the longer term, should capacity to stock ancillaries be increased permanently?

Measures for this Autumn

10. At present maximum power station storage capacity for ancillary materials is generally 9 weeks and stocks will be at that level by the end of October. The exception is supplies of carbon dioxide for the nuclear stations where stocks will generally not exceed 3 weeks (but see below).

11. In previous miners' strikes the Electricity Boards successfully replenished stocks of ancillaries despite the picketing of power stations and the Secretary of State for Energy's minute of 4 August outlines some of the plans drawn up by the CEGB for doing so again in the event of a miners' strike this autumn. The CEGB is reasonably confident of being able to restock once without outside assistance; this would probably increase stocks by 2-3 weeks. Thereafter much would depend on the attitude and location of pickets. The CEGB thinks that supplies of materials essential to safety, such as carbon dioxide, are almost certain to be allowed through. But for most ancillary materials special tactics are likely to prove necessary.

12. In the first instance, the CEGB would attempt with help from its suppliers and the police to bring in supplies. But if this were to prove impossible, they would eventually have to seek assistance from the Government. The steps that might be taken to replenish stocks of ancillaries and the problems that might arise were discussed in our report circulated by the Home Secretary with his minute of 6 December 1981 to the Prime Minister.

**SECRET**

AND PERSONAL

SECRET

AND PERSONAL

Briefly, the position is that servicemen could in principle be used to replenish stocks of ancillaries but that no detailed plan for doing so has been prepared and consultations would be required with power station management and with manufacturers of ancillaries before one could be drawn up. It would be necessary to establish precisely what ancillary materials are required by each power station, where supplies of them can be obtained, for which materials specialised vehicles would be required and whether and from where these would have to be requisitioned (necessitating a State of Emergency). Although the Ministry of Defence (MOD) could probably organise resupply of a specific item to an individual power station within a matter of hours, consultations and preparation of a comprehensive plan for resupplying all necessary ancillaries to all power stations might take up to 3 weeks. To this would need to be added the time required (up to one week) to requisition specialist vehicles and train servicemen to operate them. Consultations could not be kept confidential or their purpose convincingly concealed. There must be a risk that clear evidence of advance planning on the part of the Government to use servicemen during a miners' strike, before industrial trouble has begun, would increase the chances of a strike. Since stocks of ancillaries are generally sufficient for 9 weeks and one replenishment certainly seems possible, it might be preferable to delay these consultations until industrial action is clearly imminent or has begun.

13. If the use of servicemen to replenish stocks were to be ruled out or to prove impracticable, ways would have to be found of conserving stocks of ancillaries. The Electricity Boards could reduce voltage progressively. This would have no noticeable effect on consumers and might extend endurance by 1-2 weeks if voltage reductions were introduced immediately a strike began.

14. To meet the peak of demand, which occurs in late afternoon during the winter, some power stations have to be run up to full power for a short period and then run down again, a process which is expensive in the use of ancillaries. Rota power cuts could therefore be introduced to reduce electricity consumption during this period. The CEGB's preliminary advice is that this would involve power cuts of up to 2 hours in the late afternoon, organised so that any particular area would have only one power cut per week. This might increase the endurance of ancillaries by up to a further 2 weeks, ie to a total of up to 14-16 weeks, if cuts were introduced very early in a strike.

SECRET

AND PERSONAL

**SECRET**

AND PERSONAL

15. The CEGB is reviewing measures that might be necessary to extend endurance of ancillaries to 20-24 weeks, if it were to prove impossible to replenish stocks more than once. The outcome of this review will be reported to Ministers as soon as it is available but it seems clear that drastic measures to economise are likely to be needed from very early on in a strike if endurance of ancillaries is to match the available coal stocks.

#### The Longer Term

16. To increase power station storage capacity of ancillary materials to 20 weeks would require the construction of bulk storage for lighting-up and diesel oil, propane, acids and alkalis, and of manufacturing plant for hydrogen. The costs of doing so would be about £30 million for the capital works and a further £40 million for the purchase of the ancillary materials themselves, ie a total of about £70 million of which £65 million would arise in 1983-84. To ensure that the facilities would be operational by November 1983 work must begin by the end of this month. The CEGB has therefore recently decided to set the necessary action in hand and to do all they can to absorb the costs within their present external financing limits. The Scottish Office thinks that the South of Scotland Electricity Board (SSEB) will do likewise, although their present position is that where they see no commercial justification for further increasing supplies of strategic stocks the costs of doing so (up to £10 million) ought to be met by the Government.

17. This work does not require prior approval by the Government, but in his minute of 11 August the Chancellor of the Exchequer questioned whether in their present financial position it was sensible for the Boards to take on this further financial commitment unless it was clearly inescapable; and whether starting work now might increase the chances of trouble this year in the coal industry. Ministers therefore need to decide whether to ask the Boards to reconsider. Given that the work cannot be delayed until after this year's miners' pay negotiations if the facilities are to be available by 1983, the judgment of this depends on the views Ministers take about -

**SECRET**

AND PERSONAL

**SECRET**

AND PERSONAL

- a. the impact on this year's negotiations; and
- b. whether the chances of industrial trouble in the coal industry in 1983 are sufficiently large for the costs involved to be worthwhile.

18. The bulk of the construction work would take place next year. But survey and design work would have to begin almost immediately, so the possibility cannot be excluded that the Board's plans may become known this autumn either during the miners' pay negotiations or, more probably, during any strike. Ministers need to assess whether the result might be to increase militancy, because the problem of ancillary supplies this year would have been highlighted and the miners would know that supplies of ancillaries could not be increased sufficiently for this year; or whether this would tend to deter the miners from striking by demonstrating further the Board's determination to insulate themselves from the effects of a lengthy strike.

19. As for b. above, even if the miners do not strike this year Ministers may nonetheless feel that it would be wise to assume that, particularly with the present leadership of the National Union of Mineworkers, there will be serious industrial trouble sooner rather than later, and to plan accordingly. The immediate costs involved would be the £30 million required for construction work; it would be for decision probably in the spring whether to spend a further £40 million on increasing stocks of ancillary materials to 20 weeks.

#### CONCLUSIONS

20. Ministers are invited -

- a. to note that by the end of October power station coal stocks will probably offer between 20 and about 24 weeks' endurance; but that the continuous export of maximum power from Scotland might be possible only for up to about 15 weeks;

- b. to decide whether consultations about the use of servicemen to replenish stocks of ancillaries should be delayed until industrial trouble in the coal industry is clearly imminent; or whether they should be put in hand immediately; and

**SECRET**

AND PERSONAL



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AND PERSONAL

c. to decide whether the CEGB should proceed immediately as planned with the work necessary to increase stocks of ancillaries to 20 weeks by November 1983 at a total cost of about £30 million for construction works and £40 million for the purchase of ancillary materials; and whether the SSEB should be asked to do likewise and to absorb the costs involved, for them, of up to £10 million.

September 1982

7

**SECRET**

AND PERSONAL

**SECRET**

AND PERSONAL

ANNEX

million tonnes of coal  
(or equivalent) per week

Maximum oilburn	0.50
Coal imports	0.15 *
Electricity from Scotland	0.08 **
	<hr/> 0.73
Average weekly power station coal consumption	1.80
Shortfall	<hr/> 1.07
	<hr/>
Likely power station coal stocks	26.00
	<hr/>
Endurance	<hr/> <hr/> 24 weeks

\* The contribution that imports can make to endurance depends on the distribution of coal stocks. If it were to emerge that coal stocks were highest at the Thameside power stations, imports would make little or no contribution to endurance.

If imports are completely ignored, total endurance is 21 weeks.

\*\* In practice, it will be possible continuously to supply maximum power from Scotland to the CEGB for up to about 15 weeks, but this reduces total endurance by only about 2 days.

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