

SECRETARY OF STATE FOR ENERGY  
THAMES HOUSE, LONDON  
WILLIAM PITT BUILDING

01 211 6402

*CCP*  
Prime Minister (2)

*ms 23/12*

*29*  
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SECRET AND PERSONAL

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Treasury Chambers  
Parliament Street  
London  
SW1

23<sup>rd</sup> December 1982

*Dear Chancellor*

POWER STATION ENDURANCE

Your minute to the Prime Minister of 13 December asked for the extra costs of building up CEGB power station coal stocks to 30mt by November 1983 to be absorbed within existing EFLs.

I will of course press the CEGB and NCB to minimise the cost of next year's accelerated delivery exercise. However, we must be willing to finance that cost by an increase in the NCB's deficit grant and EFL, as for this year's exercise.

Neither Board will co-operate in raising power station stocks further above commercial levels if the costs would fall on them or their customers. Their EFLs for next year are already demanding. Nor would it help to say that we are willing to increase EFLs next September, if necessary - if we are to achieve our strategic objectives, we must offer the Boards financial compensation.

I am copying this letter to the Prime Minister, the Home Secretary, the Secretaries of State for Defence, Scotland, Industry, Transport and Employment, Sir Robert Armstrong and John Sparrow.

*Yours sincerely*  
*Nigel Lawson*

NIGEL LAWSON  
(Approved by the Secretary of State  
and signed in his absence)

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