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SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01 211 6402

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

cc'd to
B/F into Treasury
in response

AT
13/4

13 November 1984

Dear Andrew

COAL FIRING SCHEME

In his minute to the Prime Minister of 13 February, my Secretary of State referred to his intention to review the Coal Firing Scheme before the end of this year. In your letter to me of 20 February you recorded the Prime Minister's wish that there should indeed be such a review to see whether the Scheme remained a cost effective response to the problem of surplus coal production.

Under normal circumstances we would now be embarking on this review. However, the situation arising from the coal strike makes it impracticable to carry out the review sensibly at the moment. To reassess when coal supply and demand are likely to be brought back into balance we need to see both the end of the strike and at least an initial assessment of the future from the Coal Board in the light of the situation then. For conversions it will of course be the supply/demand balance after restocking that matters, rather than the position in the months immediately succeeding the strike. Meanwhile new applications and commitments under the Scheme have naturally fallen away and the existing commitment limit is not under pressure.

In the circumstances my Secretary of State proposes that the review be now deferred for, say, 6 months. If the obstacles to a sensible review remain then, he will write again. Meanwhile we would make it clear in low key, without making a formal extension, that the scheme was not being closed for the present and that any applications which were made within the present commitment ceiling would be accepted for examination.

I am copying this letter to Callum McCarthy (DTI) and Richard Broadbent (Treasury).

Yours sincerely
M F Reidy

M F REIDY
Private Secretary

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Coal: NAT. IND. Pt 14.



13 MAY 1954

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COAL: NAT. IND.

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