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10 DOWNING STREET

From the Private Secretary

11 March 1985

REBUILDING POWER STATION COAL STOCKS

The Prime Minister held a meeting today to discuss the rebuilding of coal stocks following the strike. Present were the Chancellor of the Exchequer, the Secretary of State for Energy, Mr Gregson and Mr Redwood.

The Prime Minister said she had spoken earlier in the day to Sir Walter Marshall to congratulate him on the CEGB's performance in maintaining power supplies during the strike. They had agreed that the NUM would seek to call another strike. While this was unlikely next winter it could well happen the winter after that. The Secretary of State for Energy agreed with this assessment. The proposal he had put forward was that exceptional oil burn should be phased out as soon as possible. The CEGB had no orders for oil beyond 4 April. Thereafter, NCB and CEGB would seek to move as much coal from pits to power stations to raise the stocks at power stations from the present figure of 11 million tonnes to 21-22 million tonnes by end ~~April~~ <sup>October</sup> 1985. This would provide 6 month's endurance. If movements fell behind schedule, the question of oil burn could be reconsidered later in the summer.

In discussion it was argued that the build-up of stocks should continue still further for the 1986-87 winter. In the past the power stations had stored as much as 34 million tonnes so there was substantial spare capacity at present. Nevertheless, the CEGB should take such opportunities as arose to acquire more land where planning permission could be obtained without controversy. In planning for the future, it was necessary to establish what level of stocks were needed for operational purposes at pit heads. It is currently a matter of dispute between the Department and NCB. It was also noted that Thameside power stations would be supplied from the CEGBs stockpile in Rotterdam, rather than by ship from the North East. This would allow best use to be made of port facilities. It would require, however, coal to move by rail or road from the North East to Yorkshire power stations, a route which had not been used before.

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Summing up the discussion, the Prime Minister said the Secretary of State for Energy's proposals were agreed. Ministers would want to consider at a later stage the question of endurance in the longer term.

Copy number 2 goes to Rachel Lomax (H M Treasury) and copy number 3 to Peter Gregson.

ANDREW TURNBULL

Michael Reidy Esq  
Department of Energy

Note In the course of the discussion Mr Walker said NCB now expected to close 30-40 pits in the next 18 months, involving redundancies of 30-40,000 men. NCB planned to secure as many as voluntary redundancies as possible, as early as possible in order to have certain vacancies to offer men displaced from closed pits. The brunt of the closures would be in Scotland, Wales and the militant areas of Yorkshire.

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