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P 02170

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MR NORGROVE

European Community draft directive on Large Combustion Plants
(E(A)(86)37)

I attach a brief for the Prime Minister for the discussion of
E(A)(86)37 on ²⁴~~17~~ July. This has been agreed with the European
Secretariat.

J B UNWIN

11 July 1986
Cabinet Office



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Qz.05189

European Community draft directive on large combustion plants

(E(A)(86) 37)

Brief for the Prime Minister

CONCLUSIONS

1. You will wish the Sub-Committee to decide how we should handle discussion of the draft directive on emissions from large combustion plants during the United Kingdom's Presidency of the European Community. The Presidency does give us an opportunity to get some credit for what we are doing to reduce pollution and to shift the debate in our favour. You may be able to conclude:

i. we should discuss with other member states who see difficulty in the current proposals whether there is scope for a Presidency package acceptable to the United Kingdom. This would aim to secure, if not agreement during our Presidency, at least a shift in our favour of the terms of the subsequent debate on the proposal;

ii. such discussions should be wholly without prejudice to the Government's eventual decision on the acceptability of specific measures on emissions from large plants; and the Secretary of State for the Environment should be invited to bring the subject to the Sub-Committee again in good time for decision if such a package seemed likely to emerge;

iii. the objectives should be action which would not go beyond our own practice both on new plants and on NOx emissions and a nil or minimum cost on SO2 emissions from old plants (clearly the Commission's proposal and the present Dutch compromise do not meet this criterion);

iv. officials should carry out further work to clarify the possible cost, if any, in achieving reductions in emissions on the scale under discussion.



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BACKGROUND

2. When E(A) considered acid rain in July 1985 (E(A)(85) 12th Meeting Minutes) it was in the context of a proposal that the United Kingdom should join the 30 per cent Club (of countries pledged to achieve a 30 per cent reduction in total sulphur emissions by 1993 against a 1980 baseline). The Sub-Committee had decided that we should emphasise our aim to reduce SO2 emissions by 30 per cent by the end of the 1990s but concluded that we should not take any further commitment, not least because the choice of baseline date gave us no credit for the substantial improvements achieved in the 1970s. The 30 per cent Club is not the subject of the present discussion but, if in the end there were an agreement acceptable to us within the Community, we might argue that this was as good as the 30 per cent Club, thus spiking some of the current criticism of Britain in Scandinavian countries.

3. The draft directive that has been under discussion in the Community for over two years would place a uniform requirement on member states to reduce the national total of emissions from plants (mainly power stations) of over 50 megawatt (MW) output by 60 per cent for sulphur dioxide (SO2), 40 per cent for nitrogen oxides (NOx) and 40 per cent for dust by 1995 over 1980 levels. This would require the costly retrofitting of many plants in the United Kingdom with equipment to control emissions. It is out of the question. We have opposed these proposals throughout as imposing a cost out of proportion to the potential benefit. In consequence, these proposals are blocked.

4. Faced with this blockage the Dutch Presidency abandoned a uniform approach and proposed an alternative approach which is more favourable to us, although the figures themselves are not acceptable -

i. emission limits for new plants should be based on the assumption that they would be fitted with the "best available technology not entailing excessive costs";

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ii. by 1995 the Community should achieve a 45 per cent reduction (against 1980 levels) of SO₂ emissions from large plants. Differential figures for different countries would leave the United Kingdom with a target of 40 per cent. The Community target for 2005 would be 60 per cent, with individual countries' figures as yet unspecified;

iii. a similar two-stage approach to reductions of NO_x emissions, with a Community target of 40 per cent by 2005.

This package was put to the Environment Council in June. It was accepted as a basis for discussion by all member states except that the United Kingdom maintained its general reserve both for negotiating reasons and because, as paragraph 7 of the Annex to E(A)(86) 37 shows, a 40 per cent reduction in SO₂ emissions by 1995 (by comparison with 1980) would be unacceptably costly. The new approach is, however, an advance on the inflexible approach of the draft directive, which is based closely on German practice and which has up to now been strongly supported by the Germans.

5. The Secretary of State for the Environment argues that although we are unlikely to be able to reach agreement on this subject during our Presidency, we should take the opportunity our Presidency provides to try to shift the ground of the debate. This issue is important to those concerned with the environment, at home and abroad, as well as to other member states. It will not go away. The pressure to respond may well increase over the next two years if the United Kingdom is perceived as maintaining inflexible opposition to Community action to curb pollution.

6. The Secretary of State for the Environment therefore seeks authorisation to sound out the other member states known to be unhappy at the prospect of drastic controls on emissions (Spain, Portugal, Ireland, Greece and perhaps Italy) with a view to seeing whether we could construct a package acceptable to us and to these other countries, which we might put forward as the Presidency and which might therefore form the basis of discussion within the Community.



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7. The three elements of such a package would be:

i. the controls to be fitted (in respect of SO₂ and NO_x)
to new plants;

ii. overall reductions in SO₂ emissions;

iii. overall reductions in NO_x emissions.

In each case there is considerable scope for making play with alternative assumptions on base date, target dates, type of plant to be covered. The implications of any potential package would, however, need scrutiny by E(A) before it was presented in Brussels.

MAIN ISSUES

8. The main issues are:

i. whether we need to take any initiative;

ii. our tactics if we do;

iii. the nature of possible packages;

iv. financial implications.

Do we need to take an initiative?

9. We have been more or less isolated in the Community on this issue for some time. It would be feasible to try to stall any further discussion during our Presidency, and to continue to tough it out thereafter. On the other hand, the Secretary of State for the Environment argues that the issue will not go away and domestic and international pressure may grow. The next three Presidencies (Belgium, Denmark and Germany), running from January 1987 to June 1988, are all likely to table proposals which would cause us difficulty. Despite recent reductions in

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our emissions, our present position (see Annex A) does not look very good. We can make some play with the fact that:

i. we are below the Community average for the percentage of total emissions deposited on other member states;

ii. Germany is a more significant polluter of all other countries than we are (but committed, or course, to reductions); We cannot, however, disguise the fact that we emit the largest volume of SO2 in the Community and that we deposit a substantial volume in other countries. Against this background it seems clearly desirable to shift the terms of the debate if we can, and if there are no unacceptable risks involved.

Tactics

10. There has been a tendency to underrate the strength of our negotiating position. Our allies may not carry much weight but there are signs that the "hardline" countries, and particularly Germany, want for internal political reasons to secure agreement on a directive. They may for this reason be increasingly ready to work on a solution that is less than their aspirations.

11. The Commission is understood to be preparing its own alternative proposals. These are thought likely to represent a shift away from the Dutch package and back towards the original directive - a step in the wrong direction. There is therefore a case for seeking to construct our own Presidency proposals in order to elbow the Commission's aside and leave our successors with a legacy that is more in our own interests. If the attempt fails, we shall be no worse off than would otherwise have been the case, and we may have gained some credit for actively trying to make progress on a dossier with which we are known to have difficulty.

The nature of possible packages

12. The Sub-Committee does not have to agree on a possible package, since the Secretary of State for the Environment is only seeking authority to have discussions with similarly minded member states.



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Appendix B to E(A)(86) 37, however, illustrates a number of possible variant packages for SO₂ emissions, some of which could entail no cost, or very little cost, for the United Kingdom beyond what we expect to incur in any case. The variables are:

- the plants to be covered
- the base dates
- the target dates
- the size of the reduction in emissions

The emission projections assumed are those of one of the central scenarios presented by the Government to the Sizewell enquiry, although the implications of the extreme scenarios are also shown.

13. On new plants the Secretary of State for the Environment will say that the Industrial Air Pollution Inspectorate (IAPI - formerly the Alkali Inspectorate) take the view that "best practicable means" (ie required technology) are already available to limit SO₂ and NO_x emissions. In the case of the former, flue gas desulphurisation (FGD) is regarded as acceptable (at a cost of up to £170 million per plant). The CEGB and the IAPI are likely to agree on a requirement to fit FGD in the one new large power station likely to come on stream between now and the end of the century. The Chancellor of the Exchequer may point out that the Secretary of State for Energy is required to approve the design of new plants and that, although by convention he accepts the advice of the IAPI on pollution control matters, it would in principle be possible for him to refuse to authorise the fitting of FGD. The Secretary of State for the Environment will say that, although this is in principle correct the fact is that additional costs will not be incurred on new plant because the fitting of FGD will occur irrespective of any directive.

14. So far as controls on NO_x emissions are concerned, low-NO_x burners are likely by the 1990s to have been developed on a scale suitable for large plants. Again the IAPI is likely to consider these required technology for new plants and for plants



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whose boilers are being refitted. It is worth noting that other countries may find it harder than the United Kingdom to reduce NOx emissions.

15. In our view, however, the principal problem is likely to arise not on new plants or on NOx emissions but on S02 emissions from existing plants: that will be the crux of discussions with similarly minded member states.

Financial implications

16. Once again no decision is being asked for. It would be a sensible guideline, however, to make clear that our objective even in informal discussions should be not to go beyond what is likely to be our own pollution control practice for new plants and NOx and to incur a nil or minimum cost on S02 emissions from existing plants. The Chancellor of the Exchequer may argue that a decision to open any discussions at all may imply acceptance that we should at some stage enter into commitments. But some discussions are in any event going to take place in the Community in the period up to the Environment Council in November and we do want to move the goalposts. Provided we stand by the objectives above, we should be secure. Any decision would have to be taken separately and on its own merits when E(A) comes to consider any potential Presidency package, and the Sub-Committee will no doubt wish to make that quite clear.

HANDLING

17. You may wish to invite the Secretary of State for the Environment and Mr Waldegrave (who has also been invited) to open the discussion. The Secretary of State for Energy may wish to set this subject in the context of the United



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Kingdom energy policy into the next century. The Chancellor of the Exchequer may wish to mention the potential financial implications. The Secretary of State for Trade and Industry may wish to comment on the implications for industrial consumers. The Secretary of State for Foreign and Commonwealth Affairs may wish to describe the Community implications.

Cabinet Office

11 July 1986

TOTAL NATIONAL SO₂ EMISSIONS (ESTIMATES MADE IN 1983)

<u>Country</u>	<u>Annual emissions</u> (000 tonnes)	<u>Percentage of Community total</u>	<u>Emissions deposited in other member states</u> (000 tonnes/% of total national emissions)	<u>Emissions deposited in other member states and third countries</u> (000 tonnes/% of total national emissions)
UK	5122	24	631 (12)	1424 (28)
Germany	3631	17	590 (16)	2080 (57)
Italy	4422	20	199 (5)	1402 (32)
France	3599	17	672 (19)	1358 (38)
Netherlands	480	2	113 (24)	280 (58)
Denmark	457	2	10 (2)	184 (40)
Greece	703	3	0 (0)	154 (22)
Ireland	175	1	5 (3)	36 (21)
Luxembourg	48	0	22 (49)	48 (100)
Belgium	809	4	240 (30)	400 (49)
Spain	1999	9	269 (13)	402 (20)
Portugal	168	1	22 (13)	28 (17)
TOTAL	21613			

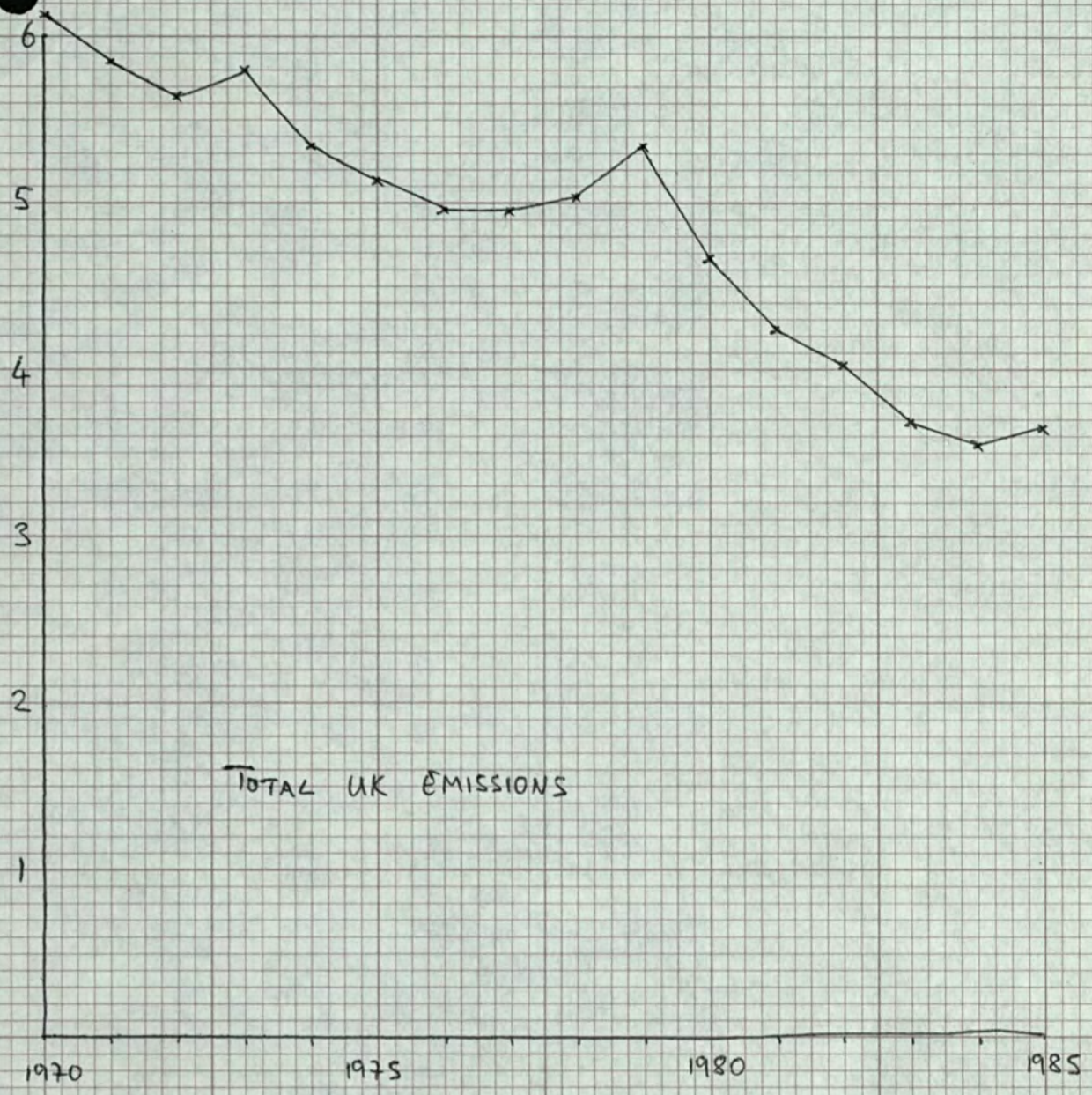
Source : European Commission

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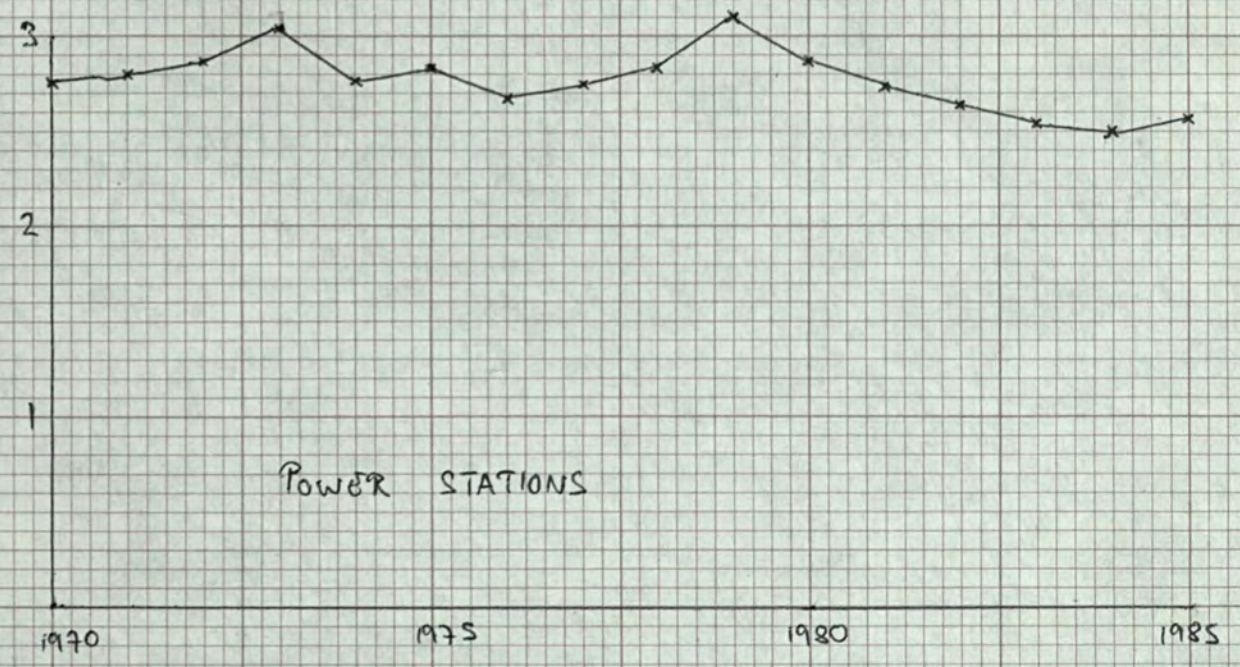
UK SO₂ EMISSIONS

Annex B

SO₂
millitonnes



TOTAL UK EMISSIONS



POWER STATIONS