



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

15 November 1983

Michael Reidy Esq
Private Secretary to the
Secretary of State for Energy

New Reidy,

AUTUMN STATEMENT: ENERGY PRICES

The Autumn Statement which the Chancellor will publish on 17 November will contain no reference to gas and electricity price increases. Nor will he refer to them in his statement in the House on the same day.

We must however assume that the Chancellor will be questioned in the House on the subject. Subject to your Secretary of State's views, he proposes to answer along the following lines:-

"Gas and electricity tariffs are a matter for the industries. Discussions are now taking place within the industries. I expect these discussions will result in price increases below the rate of inflation."

Conceivably he may also be questioned on press speculation that an instruction is to be issued to the Electricity Council. I understand that the Council will be meeting on 17 November. It would be useful if you could let me know the timing, and the likely outcome. I hope that the risk of an announcement by them that they oppose a 3 per cent price increase is low. But if there were to be such an announcement, and before the Chancellor's statement, and he were questioned about an instruction, he would, subject to your Secretary of State's views, propose to reply simply that:-

"The Council has not yet reported its views to my Rt Hon Friend."

I am copying this letter to Andrew Turnbull in No 10 and to Bob Whalley in the Lord President's office.

*Yours ever,
J O Kerr*

J O KERR
Principal Private Secretary