



Secretary of State for Trade and Industry

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The Rt Hon Nicholas Ridley MP
Secretary of State for the Environment
Department of the Environment
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Jan Nicky,

ACID RAIN : DRAFT EC DIRECTIVE ON LARGE COMBUSTION PLANTS

Thank you for copying to me your minute of 29 October on this subject.

The UK Presidency presents us with a useful opportunity to steer the course of discussions on this issue away from the extreme measures favoured by the Commission and towards an outcome which we might ultimately be able to accept. I therefore share your view that it would be sensible to launch a Presidency package at the Environment Council on 24 November. Before launching such a package, however, we need to be reasonably confident that the proposals within it would not present practical difficulties for the UK.

On new plant standards, I am concerned to see from Annex A to your letter that it is proposed to set the threshold for control as low as 50 MW. At these lower levels acid free technology is likely to be disproportionately expensive. I am aware that HM Industrial Pollution Inspectorate have recently put out for discussion proposals for some degree of SO₂ abatement even below 100 MW; but these discussions are still at a very early stage. In the circumstances I must press for the lower threshold in the proposed Presidency package to be raised to 100 MW - which would exclude a high proportion of industrial plant. I assume, incidentally that DoE will be seeking to exclude from the scope of the Directive those plants (below whatever threshold is finally chosen) which

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feed jointly into a single stack; the point is of some concern to manufacturers and operators of smaller combustion plant.

It is also important that 'new plant' means precisely what it says. It would be unfortunate if industrialists were to be dissuaded from investing in modifications or improvements to existing plant for fear that it might thereby be caught by the Directive.

On SO₂ emissions, I note that you propose the package should include a three-stage Community cutback with a commitment for the UK to achieve a 1.1 million tonne reduction on 1980 figures by 1995. Can we be sure of meeting that target figure (which I note is described as a "commitment" rather than an "aim of policy") on the basis of the expenditure which has already been authorised? Electricity demand has increased over the last three years and may well continue to do so - with all that that implies for SO₂ emissions. If we agree to this element of the proposed package, do we not lay ourselves open to the risk, nearer to 1995, of having to choose between failing to meet our Community obligations on the one hand or having to embark on further or faster - and expensive - retrofits of power stations on the other?

As you say it is important to remember also, that even if we do launch a package containing a commitment to SO₂ reductions of this order, there is no great likelihood of it being agreed by other Member States. Is there not a risk that it could be taken as merely the opening UK bid in what may prove to be an increasingly expensive game?

I am copying this letter to the Prime Minister, to other members of E(A) and to Sir Robert Armstrong.


PAUL CHANNON

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