

cepl

1. EDP, on dear.
2. NBP at this stage.

at flap

PRIME MINISTER

ACID RAIN: DRAFT EC DIRECTIVE ON LARGE COMBUSTION PLANTS

I appreciate the Secretary of State for the Environment's concern expressed in his minute of 29 October, that the UK should have a reasonably presentable package to put to the Environment Council on 24 November. But I am afraid that it is much too sanguine to believe that the draft proposals would not involve the UK in expenditure above that already authorised. I have the following detailed comments.

I agree that we should propose that all new large combustion plants in the Community should include pollution control equipment. However, I have two reservations about the standards proposed.

The emission limits in Table 1 are derived from the consultation document circulated by the Industrial Air Pollution Inspectorate. Consultations on this are at an early stage; the CEEB have strong reservations about the figures proposed; and the outcome of the consultations would be pre-empted if the figures in the Table were proposed to the Community. To allow for this, I propose the substitution of the figures in the annex to this minute for the relevant ones in the Table.

Second, to adopt a lower limit of 50 MW (thermal) would severely damage British Coal's industrial sales, would lead to further job losses in the coal industry and would add to the costs of (mainly) small industrial concerns for relatively little environmental gain. I support the Secretary of State for Trade and Industry's view that the lower limit should be 100 MW.



I agree with the general lines of the proposed approach to reduction in nitrogen oxides. But the suggestion that a 20% reduction should be achievable by the Community by 1995 could be interpreted to mean that the UK would find such a figure acceptable. The CEGB is not yet committed to the installation of low NOx burners to existing plant; and the Board's trials are at an early stage, so that the degree of feasible reduction by 1995 is not yet certain. To attempt to achieve a reduction of 20% from large UK plant by then would require the CEGB to embark on a crash programme of an ambitious and complex nature, involving the replacement of several hundred burners at a large number of stations at a cost of the order of £300 million.

I propose therefore that the approach to reduction in nitrogen oxides should avoid suggesting what target might be achievable by the Community. Also, I suggest the deletion of 'significant' and 'even for existing plant' from the first sentence of paragraph 4 of the draft proposal.

On reduction in SO₂, a first stage reduction by the UK of 1.1 million tonnes is proposed on the grounds that we had already achieved that reduction in 1984. This is true, but our latest forecast, taking account of the growth in electricity demand and the shift in industrial fuel use from gas to oil, is that there will be some increase in emissions to 1995. The proposed figure of 1.1 million tonnes assumes a level of emissions below even our central forecast for 1995.

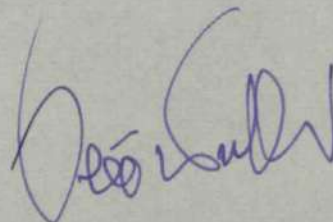
The last of the three CEGB retrofits which we have provisionally agreed will not make a full year's contribution to reduction in emissions till 1998. The CEGB's advice is very strongly against an attempt to accelerate the programme: outage of stations would have to overlap, thus increasing generation costs and putting security of supply at risk; and construction costs would be higher as a result

of the limited scope for tenders and for applying to the subsequent two retrofits the experience learnt in the first. If the UK is to commit itself to achieving a specific reduction then, if we are not to risk either failing to achieve it or having to incur additional costs to do so, the chosen figure must make allowance for the uncertainties inevitably attaching to the forecasts. (The uncertainties include the rate of growth of electricity demand and the proportion of the increase which may have to be met by coal-fired power stations, taking account of the extent to which nuclear stations can make the contribution expected of them).

Given these various difficulties and uncertainties and bearing in mind the public expenditure constraints under which the electricity supply industry will be working, I believe that any proposals by the UK Presidency should, as you have suggested, derive from decisions we have already taken. It should be confined to a proposal on new plant and a generalised objective on the reduction of Nitrogen Oxides, in both cases modified as I have argued above. On SO₂, we should adhere to our present position of aiming at a 30% reduction on 1980 by the late 1990's.

As I have said, I understand the need for us to make the most of our position in the forthcoming Environmental Council, but I see real difficulty in going further than I have suggested above. Perhaps the way forward is for officials to be asked to finalise a Presidency proposal in the light of this and other reactions from colleagues.

I am copying this to E(A) colleagues, Geoffrey Howe and Sir Robert Armstrong.



SECRETARY OF STATE FOR ENERGY

5 November 1986



Proposed modification to emission limit values for 700m (thermal)
plant

	mg/m ³	
	SO ₂	NO _x
Solid (coal)	250-600	600-750
Liquid	300-600	600-750
Gaseous	250-600 for coal derived gases	600-750

Env. Affairs ' And Rain PTS

