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bc: BG

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

27 June 1988

Dear Stephen,

The Prime Minister has seen your Minister's letter of 24 June to the Minister of State at the Department of Energy concerning the outcome of discussions on the large combustion plants directive at the Environment Council on 16 June. She has commented that your Minister did very well indeed to secure an outcome within the remit approved by E(A).

I am copying this letter to the Private Secretaries to members of E(A), Tony Galsworthy (Foreign and Commonwealth Office) and Trevor Woolley (Cabinet Office).

Yours sincerely,
Paul Gray

(PAUL GRAY)

Stephen Watts, Esq.,
Office of the Minister for Environment,
Countryside and Water.

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Minister of State
for the Environment
Countryside and Water

Department of the Environment
2 Marsham Street
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Telephone 01-212 3434

Prime Minister

within the remit you approved. 24 June 1988
shall I congratulate Lord Cairness
on his successful efforts?

Dear Peter

REC6
24/6
Yes please
no

You will wish to have a report on the outcome of discussions on the large combustion plants directive at the Environment Council on 16 June.

As I am sure you will have heard, the Council agreed in principle on a package which meets all our main concerns. I was able to indicate my own agreement, subject to a Parliamentary scrutiny reserve.

The UK's reduction requirements for emissions of sulphur dioxide and nitrogen-oxides for existing large plants, on 1980 levels, are as follows:

| | 1993 | 1998 | 2003 |
|-----|------|------|------|
| S02 | -30% | +40% | -60% |
| NOx | -15% | -30% | |

The figures are in line with the remit of E(A) on S02. I was able to resist pressure for a greater percentage figure than 60% in the third stage. The phased programme should be achieved with a maximum of 3 additional retrofits. We have, however, avoided becoming publicly committed to a specific number: it will be for the industry and HMIP, to determine the appropriate measures to meet the requirements. My officials are already in discussion with yours about how these reductions will be implemented with a privatised industry.

On Nox reductions, I held firm to the figures agreed, between officials, which should be achieved by our current programme of retrofitting low Nox burners to our major coal-fired power stations. I was able to secure an acceptable "safeguard" provision, covering for S02 and Nox emission reductions, in the event of major difficulties in achieving the targets power stations. I was able to secure an acceptable "safeguard" provision, covering for S02 and NOx emission reductions, in the event of major difficulties in achieving the targets.



Agreement was also reached on standards for new large combustion plants. Although under considerable pressure from the Presidency because of our isolation on this issue, I was able to secure what we are confident is a workable compromise on the measuring and monitoring requirements. I also cashed in on the arrangements offered by the Presidency for high sulphur fuel, which go a long way towards meeting our concerns. The ability to agree to a 50 MW lower threshold for application of the new plant standards was a great help in enabling us to secure our objectives both on new and existing plans.

Colin Moynihan will be attending a further Council meeting on 28 June at which it is hoped the directive will be formally agreed. Our officials are in touch about the detailed points outstanding on the text which need to be cleared up beforehand. We hope to have the agreement of the relevant Council to lift our Parliamentary scrutiny reserve at that meeting.

/ I am sending copies of this letter to the members of E(A), to Sir Geoffrey Howe and to Sir Robin Butler.

Yours truly
Halden

THE EARL OF CAITHNESS

The Hon Peter Morrison MP