



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Prime Minister (2)

The Rt Hon Leon Brittan QC MP  
Chief Secretary to the Treasury  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

Mr Younger brought

forward £25m

1 November 1982

ms

not £20 m. Good!

MS 2/11

Dear Leon,

Following our meeting with the Prime Minister last month to consider electricity pricing my officials have had urgent discussions with the Scottish Electricity Boards to reassess their EFLs; the aim being to bring forward as much expenditure from 1983-84 into 1982-83 as possible ie around the £20m agreed at the meeting.

A complete standstill on prices for 1983-84 was estimated to cause an addition to the combined EFL of some £65m in 1983-84 but the Boards can absorb £5m of this. The Boards have been persuaded to bring forward some £25m expenditure into 1982-83 though they are very concerned about the implications of this. They both propose to bring forward payments for fuel though in the case of NSHEB this will involve advancing payments for gas to be burned at Peterhead from March and this in turn depends on the availability of plant. Also, the SSEB may be able to bring forward some contract payments on Torness. Both Boards feel that their auditors may comment adversely on these advance payments.

The new EFLs for 1983-84 are therefore:-

	SSEB £m	NSHEB £m
Previously agreed EFL	256	NIL
Increase for standstill in prices	48	12.5
Less amount brought forward into 1982-83	20	5
New EFL	284	7.5

My officials will be continuing their discussions with the Boards and your officials to set the Boards' EFLs for 1984-85 and 1985-86. We have some concern that in these years the Boards may move into loss and not meet their statutory duty to break even taking



one year with another. This and other similar subjects such as revised financial targets and performance aims will be discussed separately.

I am copying this letter to the Prime Minister, Geoffrey Howe, Nigel Lawson, John Sparrow and Sir Robert Armstrong.

Yours ever,

Cumyge -

Wak Ind Gas & Elec Pricing Pt 7





Nat-Ind  
~~Ce J.V.~~

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NBPM  
MSW/ll

The Rt Hon Nigel Lawson MP  
Secretary of State  
Department of Energy  
Thames House South  
Millbank  
LONDON  
SW1P 4QJ

10 November 1982

Dear Nigel,

ELECTRICITY PRICES 1983/84: PRESENTATION

Thank you for sending me a copy of your letter of 10 November to Geoffrey Howe asking for comments on the draft text of a written answer announcing an average electricity price increase of zero for next year. I have no comments on the draft of your announcement but consider that I must make a similar announcement at the same time. Unless I hear anything to the contrary by noon tomorrow I propose to table the attached written answer on Friday.

I am copying this to the Prime Minister, Geoffrey Howe, Leon Brittan, Patrick Jenkin, John Sparrow and Sir Robert Armstrong.

Yours ever,  
Cunze

## ELECTRICITY PRICES

My rt hon Friend, the Secretary of State for Energy, has announced today that he has agreed with the electricity supply industry in England and Wales that there should be no increase in the average level of electricity prices next year. As similar factors apply in Scotland I have asked the Scottish Electricity Boards to follow suit and they have agreed not to increase their average level of prices next year. Details of the tariffs which will apply from 1 April 1983 will be announced by the Boards in due course.

I shall be discussing the implications of this announcement with the Boards and shall announce a financial target for the Boards as soon as possible.