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SECRETARY OF STATE

DEPARTMENT OF ENERGY  
THAMES HOUSE SOUTH  
MILLBANK  
LONDON SW1P 4QJ

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NBPM  
MW 8/2

~~Mr. Sevel.~~

MW 5/2

Dr Gerard Vaughan MP  
Minister of State for  
Consumer Affairs  
Department of Trade  
1 Victoria Street  
London SW1H 0ET

8<sup>th</sup> February 1983

Dear Gary,

We spoke about the possibility of providing for a statutory Electricity Consumers' Council (ECC) in the Energy Bill. I confirm that we are prepared to do this and, after considerable thought, suggest the following solution.

We would propose putting the ECC on broadly the same statutory basis as the existing Area Consultative Councils and its opposite number in gas. But on the question of access to both the Electricity Council and CEGB we propose giving the ECC the same rights to information on the industry's plans and arrangements and tariffs (ie Electricity Council's and CEGB's) as the other NCCs but that these rights should operate through the Electricity Council.

This is the most logical and practical arrangement. The Electricity Council is the Secretary of State's main policy advisor on matters affecting the industry and the CEGB already has a statutory obligation to consult the Electricity Council on its Bulk Supply Tariff in which the ECC have a particular interest.

I hope that you will be content with this proposal. Time is very short as we particularly wish to have tabled the necessary clauses in time for the Committee Stage. I have, therefore, asked my officials to contact yours with a view to finalising instructions to Counsel as urgently as possible.

Copies of this go to members of E(NI) and John Biffen.

*Richard*  
*Richard*

The Earl of Avon





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PARLIAMENTARY UNDER  
SECRETARY OF STATE

*Energy de JV*

DEPARTMENT OF ENERGY  
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Direct Line 01 211 3390  
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Dr Gerard Vaughan MP  
Minister of State  
for Consumer Affairs  
Department of Trade  
1 Victoria Street  
London  
SW1

21<sup>st</sup> January 1983

*Dear Gary,*

Thank you for your letter of 13 January. <sup>*attached*</sup> There is little that I can add to what David Mellor said in his letter of 5 January.

Certainly I shall be glad to have a word with you about handling. My office will be in touch with yours.

I am copying this letter as before.

*James*

*HR*

THE EARL OF AVON

*The Energy Bill*



Energy:

Policy

24 JAN 1983





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From the  
Minister of State  
for Consumer Affairs

DEPARTMENT OF TRADE  
1 VICTORIA STREET  
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01 215 5662  
SWITCHBOARD 01 215 7877

Lord Avon  
Parliamentary Under Secretary  
of State  
Department of Energy  
Thames House South  
Millbank  
LONDON  
SW1P 4QJ

13/15 January 1983

*Dear Avon*

I received a reply from David Mellor on 5 January about my proposal that the Electricity Consumers' Council be given statutory status in the Energy Bill.

You will not be surprised to learn that I am rather concerned as well as disappointed by David's decision to block this proposal. Frankly, the argument now that we should not use the Energy Bill as the vehicle for a change which we had all agreed was desirable seems to me rather extraordinary and disconcerting.

The additional clauses required would be essentially straightforward in principle. There are certain points of detail which need to be clarified, but we are already working on these. With your co-operation I would have thought that the necessary text could be worked up fairly easily and without too much trouble. Certainly I assume, in the light of David's other recent letter (to which I will be replying separately) about amendments you wish to introduce on the certification of electricity meters, that the constraints you mention on timing and on the structure of the Bill are not so tight as to make it impracticable to do what the ECC propose.

If I may add a personal note I have gone out of my way to co-operate recently over the consumer aspects on the Water Bill and the British Telecom Bill so that it seems reasonable to have some assistance which would ease my task, in return. I am in the difficulty that the Consumer movement had hoped for a more substantial paper on consumer reform than they got from me, and they had also hoped for pricing legislation which I have had to turn down in the immediate future so that all in all this move would be welcome.

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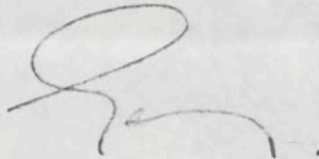


Furthermore, I would have thought it most unlikely that the limited proposal to give the ECC statutory status would open the door to any significant Parliamentary discussion of the structure of the electricity supply industry. That, surely, would be a remarkable case of the tail wagging the dog.

I am not clear, either, what reasons could be given in the House for rejecting the proposal - particularly when we have only just recently announced, in the NICC reform paper published before Christmas, that we support it in principle and would take the first opportunity available to do so.

It would be helpful if we could have a word about this before deciding how to handle it in the House.

I am copying this letter to the recipients of yours.

Yours  


Gerard Vaughan

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Policy

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Dr Vaughan MP  
Minister of State for Consumer  
Affairs  
Department of Trade  
1 Victoria Street  
London  
SW1H 0ET

5 January 1983

*Bar Genny*

*Attached 6/1  
requested - 10/1  
twice*

Thank you for your letter of 24 November suggesting that we go along with proposals by the Electricity Consumers' Council (ECC) to secure statutory status by sponsoring new clauses to the Energy Bill.

I have given very careful thought to this suggestion. I recognise that the ECC has done good work, and that in due course it should be given statutory existence. It would however be far from straightforward to use the present Energy Bill as a vehicle for doing this.

As you will know, the structure of the electricity supply industry, which the ECC mirrors, is complex and gives rise to difficult relationships. Before long, Nigel Lawson expects to put forward to colleagues his ideas for structural change in the Industry. Past history shows that any proposal for structural change is bound to be controversial and opponents of the present Bill are already suggesting that it is a precursor of wider measures. All this is going to take careful handling. The ECC proposal brings the question of industry's structure immediately into debate, and complicates the Bill more than we would wish. It is worth recalling that the ECC grew out of the Plowden Committee's report some six years ago. This recommended a unified structure for the Industry which required a new consultative framework which the ECC was designed to provide. We announced in 1980 that we did not intend to proceed with statutory unification of the Industry. I am in no doubt that it would be preferable for Ministers to reach decisions on the future shape of the Industry before the ECC is brought formally into existence.

I recognise, of course, that this will be unwelcome news for Michael Barnes, who has also raised the point with me. I was able to tell him when I saw him on another matter before Christmas that, whilst the question was still under consideration, I was not sure whether it would prove practicable for the Government to accept his proposed amendments. He is expecting to see me again before long, and I propose with your agreement to let him know that, having considered the matter most carefully, the Government have decided not to legislate the ECC into existence



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in advance of the more general NICC legislation. I would say that we did not think that his proposals found an easy place in the framework of the present Bill (which indeed gives no role to a consumer representation in the private generation provisions); and that we also saw timing difficulties.

Copies of this go to recipients of your letter.

*As ever,  
David*

DAVID MELLOR



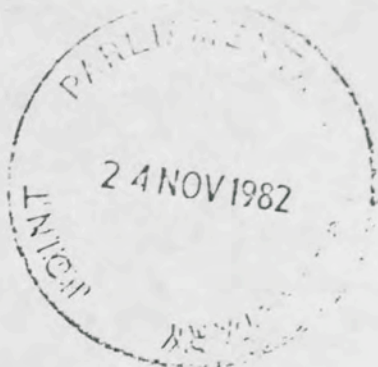
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Minister of State  
for Consumer Affairs



DEPARTMENT OF TRADE  
1 VICTORIA STREET  
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TELEPHONE DIRECT LINE 01 215 5662  
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David Mellor Esq MP

24 November 1982

Dear Mr. Mellor

Michael Barnes, the Chairman of the Electricity Consumers' Council, told me the other day that he hoped to persuade a sympathetic MP to table new clauses for the Energy Bill at present before Parliament, giving his Council a statutory basis.

The ECC, which was constituted in 1977 by Ministerial minute, is the only Nationalised Industry Consumer Council which has no statutory authority at present. This has caused problems in the Council's relations both with the electricity supply industry and with the (statutorily based) Area Electricity Consultative Councils. In announcing a strategy for NICC reform, on which I shall be circulating proposals to colleagues shortly, I make clear that we will legislate when opportunity permits to put the ECC on a statutory footing. At official level Departments are agreed that this would make sense. It would not be controversial.

In the circumstances we could not, I think, object to the new clauses if they are introduced. I understand that your legal advisers, and Parliamentary Counsel, take the view that they would be within the scope of the Bill as defined in its long title. Nor could we plausibly argue for their withdrawal on the grounds that we shall ourselves be legislating to the same effect at a later stage: it is an open secret that there is virtually no prospect of NICC legislation in the lifetime of this Parliament.

My own feeling therefore is that we should be prepared to go along with what the ECC propose, provided the details of the new provision can be satisfactorily sorted out. There is not much time for that. The best course in the circumstances might be for our officials, in consultation with Parliamentary Counsel, to work with the ECC staff at getting the new clauses into an acceptable shape before they are introduced.

I enclose a draft of what we understand the ECC have in mind. In substance this seems to us on the right general lines, subject to





amendment on a number of detailed points about which our officials can be in touch.

The only specific point I need mention at this stage touches the nature of the Council's statutory right to be consulted by the electricity supply industry. I think this should put the ECC in essentially the same legal position vis-a-vis its industry as the Area Electricity Consultative Councils and the National Gas Consultative Council are in already. It should not, in other words, anticipate the wider rationalisation of the NICCs' legal rights and obligations which I am considering in the context of NICC reform generally.

I am copying this letter to members of E(NI) and to John Biffen.

*Yours sincerely*

*Gerard Vaughan*

PP Gerard Vaughan

INTRODUCED BY THE MINISTER AND



FIRST DRAFT

1. - (1) There shall be a consumers' council for England and Wales (in this section referred to as "the Council") to be known as the Electricity Consumers' Council.

(2) The Council shall consist of a chairman appointed by the Secretary of State, and not more than thirty other members including

- (a) chairmen of Consultative Councils .  
established under section 7 of the Electricity Act 1947  
for the areas of Area Boards; and
- (b) such other persons as the Secretary of State may appoint  
after consultation with such bodies as he thinks fit.

(3) It shall be the duty of the Council to consider any matter affecting the interests of consumers of electricity in England and Wales generally or of any class or description of such consumers (and, in particular, any matter relating to the supply of electricity, including the variation of tariffs, or to the supply of electrical goods and fittings or the provision of other services and facilities) which -

- (a) is the subject of a representation made to them by one  
of the Consultative Councils mentioned in subsection (2) (a);  
or
- (b) appears to the Council to be a matter to which consideration  
ought to be given apart from any such representation.

(4) Where it appears to the Council that action ought to be taken concerning any matter considered by them under subsection (3), it shall be their duty to make representations to the Electricity Council or to the Central Electricity Generating Board with respect to that matter.

(5) Where any matter of a kind mentioned in subsection (3) is referred to the Council -

- (a) by the Electricity Council or by the Central Electricity  
Generating Board; or
- (b) by the Secretary of State,



it shall be their duty to consider that matter and to report on it to the Electricity Council or to the Central Electricity Generating Board or the Secretary of State as the case may be.

(6) It shall be the duty of the Council to consider any plans, arrangements or proposals of which they are informed under section 2(1); and the Council may make representations to the Electricity Council or to the Central Electricity Generating Board with respect to them.

(7) The Council may, after consultation with the Electricity Council or the Central Electricity Generating Board make representations to the Secretary of State on any matter which have been considered by them under this section, other than matters involving individual consumers (as distinct from consumers in general or any particular class of consumer).

2. - (1) It shall be the duty of the Electricity Council and the Central Electricity Generating Board to inform the Electricity Consumers' Council of their general plans and arrangements for performing their respective functions, in relation to the supply of electricity and in particular of any proposal to vary a tariff and to the supply of electrical goods or fittings or the provision of other services and facilities.

(2) It shall be the duty of the Electricity Council and the Central Electricity Generating Board to consider any representations made to them by the Electricity Consumers' Council under section 1(4) or (6).