



Prime Minister ②  
To note outcome.

AT  
18/11

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

17 January 1984

Andrew Turnbull Esq  
10 Downing Street  
LONDON SW1

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Dear Andrew,

**SIZEWELL**

The Chancellor saw your letter of 12 January to Michael Reidy about the advance ordering of forgings for the Sizewell B PWR. He subsequently discussed the matter with Mr Walker and agreed that the ordering of these items could be left to the CEGB's commercial judgement, on the understanding that:

- (a) the sum could be accommodated within the agreed EFLs and expenditure approvals;
- (b) any expenditure in this financial year would be without prejudice to the ESI's offsetting the NCB's EFL overshoot by the £172m undershoot currently reported as available (this is a point still to be resolved between Departments);
- (c) acceptance of advance ordering would not be taken as prejudging the Treasury's eventual view of the main decision on Sizewell;
- (d) the Chancellor would wish to be consulted further if the total advance ordering commitment looked likely to exceed £20m.

(20)

A copy of this letter goes to Michael Reidy.

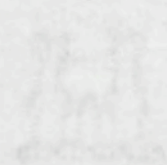
Yours ever,  
J O Kerr

J O KERR  
Principal Private Secretary

ENERGY: Policy #8



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File

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19 January 1984

SIZEWELL

The Prime Minister has noted without comment your letter to me of 17 January, reporting the agreement reached between the Chancellor and the Secretary of State for Energy on advance ordering of forgings for Sizewell.

I am sending a copy of this letter to Michael Reidy (Department of Energy).

Andrew Turnbull

John Kerr, Esq.,  
H.M. Treasury.

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B/C: MR. PASCALL, FOR. UN5

cc MASTER SET

10 DOWNING STREET

*From the Private Secretary*

12 January, 1984

SIZEWELL: ADVANCE ORDERING

Your Secretary of State came to see the Prime Minister today to discuss the case for advance ordering of components for Sizewell. He said that CEGB wished to order £12 million of forgings. If the orders were delayed until the public enquiry were completed, the costs would be greater - perhaps up to £30 million. In addition the whole project would be delayed imposing costs of a further £60 million.

He was worried that, if he authorised these orders, he could be accused of pre-judging his decision on the Sizewell Enquiry. In his view, however, the order could be justified as a reasonable commercial decision by CEGB. Although it was possible that most of the £12 million could eventually be wasted, this was not a large sum in relation to either the potential savings from making the orders or the £93 million that had already been spent on developing the Sizewell design. He was, therefore, disposed to authorise the expenditure.

The Prime Minister said that subject to the views of the Chancellor of the Exchequer, she too accepted the case for advance ordering.

I am sending a copy of this letter to John Kerr (HM Treasury).

(Andrew Turnbull)

Michael Reidy, Esq.,  
Department of Energy

MP

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