

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

PRIME MINISTER

*Prime Minister*  
*me* *To note*

STRUCTURE OF THE NUCLEAR INDUSTRY

*A* *3/1*

I have read Peter Walker's minute of 24 January about the arrangements for project management of Sizewell B.

2. I can well understand why the CEGB decided that they should take more direct control of this particular project. While I am content with this, we should not conclude it is necessarily the best or only way of building PWR stations in the longer-term. From the point of view of competition and privatisation, it would be inherently undesirable for CEGB to have a long-term monopoly over new nuclear power stations.

3. John Moore is still waiting to see Peter Walker's draft paper for E(A) on the future of the Electricity Supply Industry. But in our view there are no insuperable obstacles to a greater measure of competition and private ownership in the longer-term. Possibilities include:-

(a) transferring existing nuclear stations to private sector power groups early (along with the conventional stations). This would allow them to gain experience and confidence on nuclear power operation before new stations were needed;

(b) allowing private sector generation groups to use US or French private contractors for PWR stations if



they wish (albeit to strict UK safety standards).  
That would introduce a welcome degree of competition  
and the Government would be distanced from political  
problems that surround overseas purchasing by the  
public sector.

4. No doubt Peter Walker will have several options to put before E(A), but I thought it right to register the point now that the decision on Sizewell B need not and should not constrain our choices for the longer-term.

5. A copy of this minute goes to members of E(A) and to Sir Robert Armstrong.

*Margaret O'Hare*

N.L.

2 February 1984

*(approved by the Chancellor and  
signed in his absence)*

Energy: Bling A8.



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