

Prime Minister⁽¹⁾

Mr Walker argues that we should bid for this plant to be located at Dounreay. Colleagues support him.

PRIME MINISTER

PROPOSED FAST REACTOR REPROCESSING PLANT AT DOUNREAY

Agree?

Yes

JWS
11/12

As you will know from your recent correspondence with Robert MacLennan MP, the AEA have written to me on behalf of the nuclear industry to propose that the UK should bid for the construction at Dounreay of a demonstration fast reactor fuel reprocessing plant to serve the needs of the European collaboration.

The intention is that the plant's estimated cost of £300m would be borne jointly by the collaborating nations. The UK share of perhaps 25% would be financed by BNFL and would therefore not add to the PSBR. It would be backed by advance contracts from the utilities.

I favour our nuclear industry bidding for the project since:

- a) it would give the UK a strong position in an area where we already possess particular expertise. There is otherwise a risk that the French, already well ahead in fast reactor construction and fuel fabrication, will dominate the collaboration in all areas;
- b) it would provide a continuing focus for Dounreay as we approach the time when the Prototype Fast Reactor will shut down and before the planning date for starting construction of a UK lead reactor of 1993, assuming its location proves to be Dounreay.

I have consulted George Younger, who welcomes the employment implications for the Caithness area and is content for the UK to bid for the plant. Naturally, however, as Planning Minister for Scotland, he has to reserve his overall judgement at this stage.

Our success in obtaining the project cannot of course be taken for granted. The timing depends on the decision on the next fast reactor - assumed to be Super Phenix II - which the French expect to be in 1986.



French industry would like the reprocessing plant to be at Marcoule and are likely to make much play of the uncertainty as to whether the UK planning process could deliver a consent for the Dounreay site in time.

On the home front, following events at Sellafield, we must expect opposition from the environmentalists, particularly since the bulk of the reprocessing will be for overseas, even though radioactive discharges could be kept well within Dounreay's existing authorisation limits. Attention is also likely to focus on the alleged danger of a further, though limited, increase in the transport of radioactive materials, including plutonium, to, from, and through the UK.

Finally, since George Younger considers that some sort of public local inquiry will probably be required, it would be essential to avoid getting bogged down in a very wide spread of issues on the Sizewell B model. In particular we would need to have previously confirmed our policy position that we are willing to see a further reprocessing plant constructed in the UK.

Nevertheless these difficulties should not be insuperable if the will is there, and the prize would be large. I therefore propose that the Authority should be authorised to try and get the project for the UK, with Government support at Ministerial level at the appropriate time. Given that the plant will depend on a decision to construct the next fast reactor which has not yet been taken, and the need to convince our partners of the credibility of the UK bid, this may well involve a planning application to the Highland Regional Council on a contingency basis.

Copies to go Geoffrey Howe, Nigel Lawson, George Younger, Patrick Jenkin, Norman Fowler, Norman Tebbit, Tom King, Michael Jopling, Nicholas Ridley and Sir Robert Armstrong.

SECRETARY OF STATE FOR ENERGY

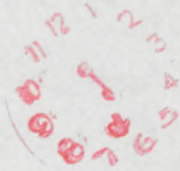
27 November 1984

Energy, Army
First Receptor

47 8



27 NOV 19



COMMUNICATIONS

CONFIDENTIAL

can

FROM: CHIEF SECRETARY
DATE: 30 November 1984

Await other responses

PRIME MINISTER

PROPOSED FAST REACTOR REPROCESSING PLANT AT DOUNREAY

I have seen Peter Walker's minute to you of 27 November about a proposed fast reactor reprocessing plant at Dounreay.

Since there appears to be an opportunity here to win business for the United Kingdom, I agree that we should give Government support internationally. But we should be careful not to generate pressure for greater UK public spending on the fast reactor than the programme already agreed.

I therefore welcome Peter Walker's assurance that this proposal would not add to the PSBR. Although British Nuclear Fuels plc is technically classified to the private sector, the Government guarantees its financing. The Treasury will therefore need to be satisfied that the project will not reduce the company's commercial viability.

I understand that the preliminary R & D costs of fast reactor fuel reprocessing can be contained within the overall programme (mostly vote-funded) already agreed. If BNFL win the project, which would be of long-term commercial benefit to them, there would be a good case for their taking over further R & D funding. We can reach firm decisions at the time but I suggest BNFL take it into account in their financial planning.

I am copying this minute to Peter Walker, Geoffrey Howe, Nigel Lawson, George Younger, Patrick Jenkin, Norman Fowler, Norman Tebbit, Tom King, Michael Jopling, Nicholas Ridley and Sir Robert Armstrong.

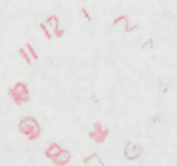
Paul Rees
PETER REES

*Approved by the Chief Secretary
and signed in his absence*

1994-11-30



30 NOV 1994



1994-11-30

Computer

11

1