



Chancellor of the Duchy of Lancaster

CJP
 BP with Treasury response
 AT 26/2

PRIME MINISTER

KINSALE GAS

still
 with AT?

1. I refer to the Northern Ireland Secretary's minute to you of 22 June.
2. Part of the "fresh price proposals" which "met our requirements" as reported by the Northern Ireland Secretary in his earlier Memorandum of 7 September 1983 to E(A) was an increase in price on an April 1983 basis from 24.1 pence/therm to 27.1 pence.
3. It is not at all clear from the Northern Ireland Secretary's present memorandum what price we are now being asked to pay. But I suspect it is even more than the 27.1 pence. If it is, I would think that our minimum requirement for going ahead should either be the 4 to 5 pence reduction the Northern Ireland Secretary suggests or a roll back to the 27.1 pence. Perhaps it might also be interesting to compare the current Kinsale price with Sleipner.
4. It would need to be made clear to the Irish that if they were not prepared to agree, the deal was definitely off. Otherwise "renegotiation" would, as always, simply lead to an unsatisfactory outcome.
5. I am copying this to the other members of E(A), to Geoffrey Howe and to Sir Robert Armstrong.

A.C.

A C

25 June 1984