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C13/8.

Prime Minister

ELECTRICITY PRICES AND LARGE INDUSTRIAL CONSUMERS

- file with MEA

I have seen Peter Walker's minute of 26 July. Although there are important points of principle to be considered and some obvious difficulties this is an interesting proposal that I hope will be given careful consideration.

My Department was not included in the discussions which led to this minute. Had they been, other examples of how the benefits might work could have been brought forward: for example, the new Paper Mill at Shotton is expected to exceed 200 million units in 1985/86. It would also have given the opportunity to argue (as I would wish to do) against excluding from the scheme those manufacturers who have been unable to take advantage of Consumer Contracted Load terms. I know from direct experience (I have two major users, Amoco and the Pembroke Cracking Company, in my own constituency) the importance of including such users.

I recognise that any scheme such as this is bound to give rise to complaints from those who fail to qualify, and there are risks that it may hasten the trend towards centralisation and discourage the development of new sites. There are obvious difficulties in attempting to extend the scheme too far but perhaps a further look could be given to the threshold set or at least a promise to do so in the light of experiences on the scheme.

I am sending copies to Peter Walker (who will, I understand, be commenting further on the arguments affecting NCB policy), Nigel Lawson, George Younger, Norman Tebbit and Tom King and to Sir Robert Armstrong.

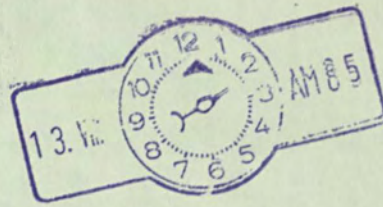
12 August 1985

R.C. Williams

PP RNE

[approved by the Secretary of State and signed in his absence]

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