

PRIME MINISTER

COAL STOCKS AT CEGB POWER STATIONS

Stocks at CEGB power stations on 26 October were 26.8 mt and had reached 27 mt by 2 November, thus meeting our target. Given normal weather conditions, stocks should continue to rise for the next few weeks further consolidating the position. The present level of stocks means that we now have one year's endurance with no coal deliveries at all; endurance would be extended to around the summer of 1989 on the assumption that 400 kt of coal a week could be delivered from UDM areas.

British Coal and the CEGB have agreed the necessary coal supply arrangements for the winter with a view to providing a stock of 22 mt at the end of March 1987. For future years it should be possible to cycle around these figures of 27 mt in October and 22 mt at the end of March to provide us with an adequate level of endurance throughout the year.

I am copying this minute to Nigel Lawson, Malcolm Rifkind and Sir Robert Armstrong.

Secretary of State for Energy

12 November 1986



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

14 November 1986

COAL STOCKS AT CEBG POWER STATIONS

The Prime Minister was grateful for your Secretary of State's minute of 12 November reporting the position on coal stocks at CEBG power stations.

I am sending a copy of this letter to the Private Secretaries to the Chancellor of the Exchequer, the Secretary of State for Scotland and Sir Robert Armstrong.

(DAVID NORGROVE)

Geoff Dart, Esq.,
Department of Energy

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From: J B UNWIN
5 November 1986

MR NORGROVE - No 10

cc Brigadier Budd

COAL STOCKS AND POWER STATION ENDURANCE

You will recall that at the meeting with Mr Walker on 19 December last it was agreed that the CEGB should aim for stocks of 27 million tonnes by the end of October 1986. This was expected to give 9 months endurance even if the UDM were to join the NUM in a strike; and 27 months if the UDM continued to work. The 27 million tonnes compares with some 24 million tonnes at the beginning of the last coal strike.

2. The latest statistics on coal stocks at power stations show that the figure for 26 October was 26.8 million tonnes. It looks, therefore as if the target should have been met by the end of October.

3. I hope that, as a result of our informal prodding, the Energy Secretary will soon report the position to the Prime Minister. I suggest, however, that if you do not receive a report during the next week or so, you should enquire of the Energy Secretary's office how matters stand. The Prime Minister will presumably want to have:-

(i) confirmation that the target has been met; and

(ii) an up-to-date assessment of whether, in the light of the likely industrial relations climate during the winter months, this stock is still believed to provide adequate security (the assumption was that the target would lead to an end March 1987 stock of some 22 million tonnes, with a rebuild to 27 million tonnes by the end of October 1987).

Cabinet Office


J B UNWIN



10 DOWNING STREET

From the Private Secretary

2 September 1986

Dear Stephen,

POWER STATION COAL STOCKS

The Prime Minister has seen your letter to Mark Addison of 1 September about power station coal stocks. The Prime Minister has noted particularly the Board's confidence about endurance.

I am sending a copy of this letter to Brian Unwin (Cabinet Office).

Yours,

David

David Norgrove

Stephen Sklaroff, Esq.,
Department of Energy.

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COPY NO 1 OF 4

SECRETARY OF STATE FOR ENERGY

THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01 211 6402

Mark Addison Esq
10 Downing Street
LONDON
SW1

Prime Minister 2
Preparing the way for
a $\frac{1}{2}$ mt shortfall I suspect,
though the Board are quite
confident about endurance.

1 September 1986

Dear Mark,

DRN
1/9.

MT

POWER STATION COAL STOCKS

I am replying to your letter of 27 August. In the absence of my Secretary of State from the country, Mr David Hunt, as the Duty Minister, has agreed the terms of this reply.

As far as coal stocks at CEBG's power stations are concerned, we have been monitoring the position closely. The CEBG at senior level have recently given an assurance that they are still aiming to be close to 27 million tonnes by the end of October with no significant shortfall. Although coal consumption has been higher than expected, the CEBG's expectation is that it will be possible for stocks to continue to rise during the first weeks of November.

In any case, the Board are now even more confident than before about endurance. Even coal stocks of 26.5 mt would, they advise, give one year's endurance with no coal deliveries at all; endurance would be extended to the summer of 1989 on the assumption that 400 Kt of coal a week could be delivered from UDM areas.

I am copying this to Brian Unwin (Cabinet Office).

Yours,

Stephen

S R SKLAROFF
Private Secretary

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SECRETARY OF STATE FOR ENERGY
THOMAS BAKER
MILBANK LONDON LONDON

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10 DOWNING STREET

LONDON SW1A 2AA

27 August 1986

From the Private Secretary

POWER STATION COAL STOCKS

The Prime Minister understands that the current rumblings of industrial action in the coal industry are not at present giving your officials cause for concern about the prospects for success in achieving the 27m. tonne target for power station coal stocks by the end of October. She has also noted the forecast of consumption of coal in the summer has been lower than the out-turn, and she fears that the same may turn out to be true of the autumn and winter. Furthermore, it may not be worthwhile stepping up the oil burn in order to be seen to achieve the coal target.

The Prime Minister would view with great concern any prospect of the target of 27m. tonne not being reached by the end of October, and she has asked whether the Department's latest account suggests there is any risk of that happening?

I am copying this to Brian Unwin (Cabinet Office).

Mark Addison

Geoff Dart, Esq,
Department of Energy.

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Mr Norgrove

(Note at
end)

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Prime Minister.

For informal check stage.

MEA 26/8

c Mr Roberts

MR UNWIN o/r

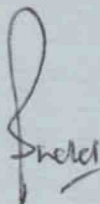
Power Station Coal Stocks

1. The weekend press gave some coverage to rumblings of industrial action in the coal industry. An overtime ban has been in force in South Wales for two weeks, ballots are being conducted in Durham and Yorkshire on overtime bans and in one Yorkshire colliery a 24 hour strike on 18 August may be followed by an all-out strike, beginning next week, in protest of the failure to reinstate two miners sacked during the strike.
2. In addition the publication, last week of a report critical of police behaviour during certain incidents in Yorkshire in 1984 might provide renewed impetus to reinstatement calls and action in support. One Sunday newspaper (Telegraph) suggested that Mr Scargill is poised to lead industrial unrest, on a pit by pit basis, to coincide with the arrival of British Coal's new Chairman on 1 September.
3. In view of all this I spoke to Dr Heathcote (D Energy) about the CEB power station coal stock build-up to 27 m tonnes by the end of October. He told me that the rumblings within the coal industry did not, at present, give cause for concern about the prospects of success in achieving the 27 m tonne target - but D Energy are keeping a careful watch on developments. He also told me that power station coal consumption had been a little higher this summer than expected - the exact reasons were not yet clear but it would probably be a combination of poor weather in many parts of the UK and a higher than anticipated industrial demand.

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4. I understand that SofS for Energy is unlikely to be unduly concerned if CEGB power station stocks at the end of October are slightly lower than 27 m tonnes. His view appears to be that the reason why the NUM have no chance of mounting a stike that could affect electricity supplies is because oil is currently cheaper than coal and the CEGB would prefer, for financial reasons, to use less coal and more oil than they currently do.

X | 5. D Energy have promised to keep me informed about any changes in their position and I will report to you as necessary. We shall soon need to consider the target level for power station coal stocks after October.




Brigadier J A J BUDD

20 August 1986

You may care to glance for information at this helpful note by Brigadier Budd.

IF there is any prospect of a serious deterioration in the situation, the Prime Minister may at some stage need to talk to Mr Walker. In a month or so's time we shall also need to review the point at X above.

 [Brian Vinnicombe]

26/8/86.