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PRIME MINISTER

COAL STOCKS

You will see from the chart below that coal stocks are rising this year from a higher level than last year, by nearly one million tonnes for Great Britain as a whole and by over half a million tonnes for the CEGB.

Last year the CEGB target was set at 27 million tonnes by October. I think it would be worth making sure that endurance this year will be adequate: even though we are starting from a higher level there can be no guarantee that the CEGB and the NCB will make the efforts necessary to reach an appropriate level.

Agree to ask for a report from the Department of Energy?

DAVID NORGROVE

9 July 1987

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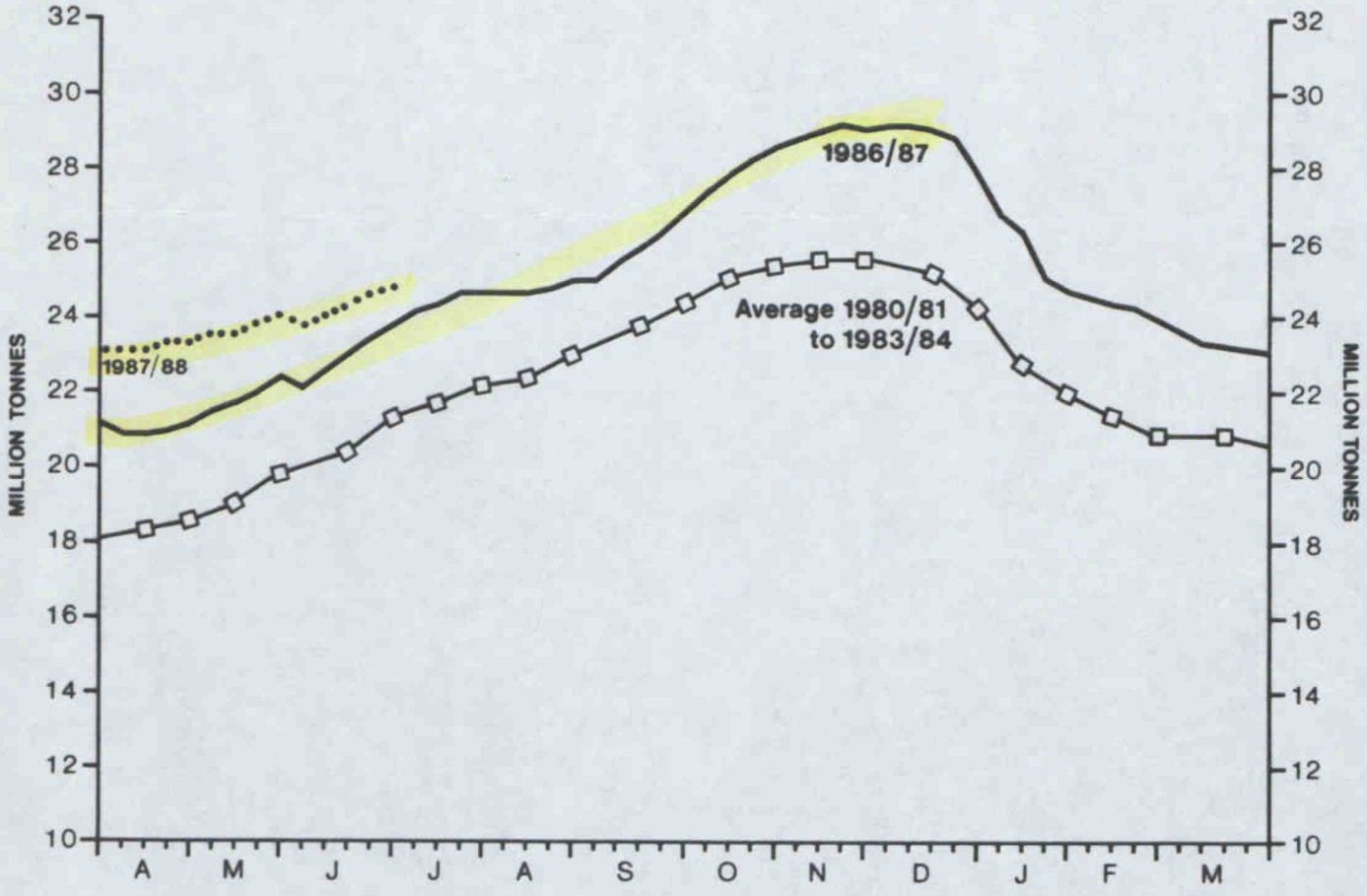
COAL STOCKS AT PUBLIC SUPPLY POWER STATIONS IN GREAT BRITAIN



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WEEKLY COAL AND POWER STATION STATISTICS (1)

EcS Division, Dept. of Energy, Thames House South,
Millbank, London SW1P 4QJ phone:01-211-4368

9 JULY 1987

			Week ending.....	28.6.86	6.6.87	13.6.87	20.6.87	27.6.87
COAL	PRODUCTION (m.tonnes)	deep mines+		1.79	1.76	1.75	1.82	1.80
		opencast+		0.34	0.32	0.31	0.31	0.34
		TOTAL		2.13	2.08	2.06	2.14	2.14
	PRODUCTIVITY(2) (tonnes/manshift)	'overall'		3.14	3.69	3.67	3.74	3.71
		'production'		13.58	16.04	15.89	16.38	16.29
	UNDISTRIBUTED STOCKS (m.tonnes)	deep mines:						
			England	1.82	3.88	3.83	3.80	3.71
			S.Wales	2.22	2.32	2.30	2.27	2.21
			Scotland	0.96	0.65	0.65	0.67	0.67
		opencast		2.92	2.22	2.19	2.15	2.15
		TOTAL		7.92	9.07	8.98	8.89	8.74
	COAL STOCKS (m.tonnes)	TOTAL CEGB		22.12	22.03	22.20	22.47	22.72
		Scotland		1.71	1.96	1.97	1.99	2.03
		TOTAL Gt.Britain		23.83	23.99	24.17	24.47	24.75
	COAL CONSUMPTION (m.tonnes)	TOTAL CEGB		1.26	1.39	1.47	1.37	1.38
		Scotland		0.04	0.08	0.10	0.10	0.09
		TOTAL Gt.Britain		1.30	1.47	1.57	1.47	1.46
POWER STATIONS	COAL RECEIPTS (m.tonnes)	CEGB		1.65	1.60	1.65	1.65	1.63
		Scotland		0.07	0.13	0.11	0.12	0.12
		Gt.Britain		1.71	1.73	1.76	1.77	1.75
	OIL STOCKS(3) (m.tonnes)	CEGB		0.76	0.40	0.38	0.38	0.39
		Scotland		0.11	0.09	0.09	0.09	0.09
		Gt.Britain		0.87	0.50	0.48	0.47	0.48
	OIL CONSUMPTION (3) (m.tonnes)	CEGB		0.05	0.03	0.03	0.07	0.05
		Scotland		0.02	-	-	-	-
		Gt.Britain		0.07	0.03	0.03	0.07	0.05
	OIL RECEIPTS(3) (m.tonnes)	CEGB		0.05	0.01	0.01	0.06	0.06
		Scotland		0.03	-	-	-	-
		Gt.Britain		0.08	0.01	0.01	0.06	0.06
	GAS CONSUMPTION (m.therms)	CEGB		-	-	-	-	-
	ELECTRICITY(4) SUPPLIED (GWh)	Nuclear		908	725	548	600	574
		Other Steam		3,204	3,518	3,759	3,630	3,550
		TOTAL		4,112	4,243	4,308	4,230	4,124
		TOTAL, temperature corrected		4,217	4,173	4,056	3,989	4,031

(1) Great Britain unless otherwise stated. All latest figures are subject to revision. (2) British Coal mines only. (3) Oil-fired boilers only. (4) Steam stations only. +includes licensed production.

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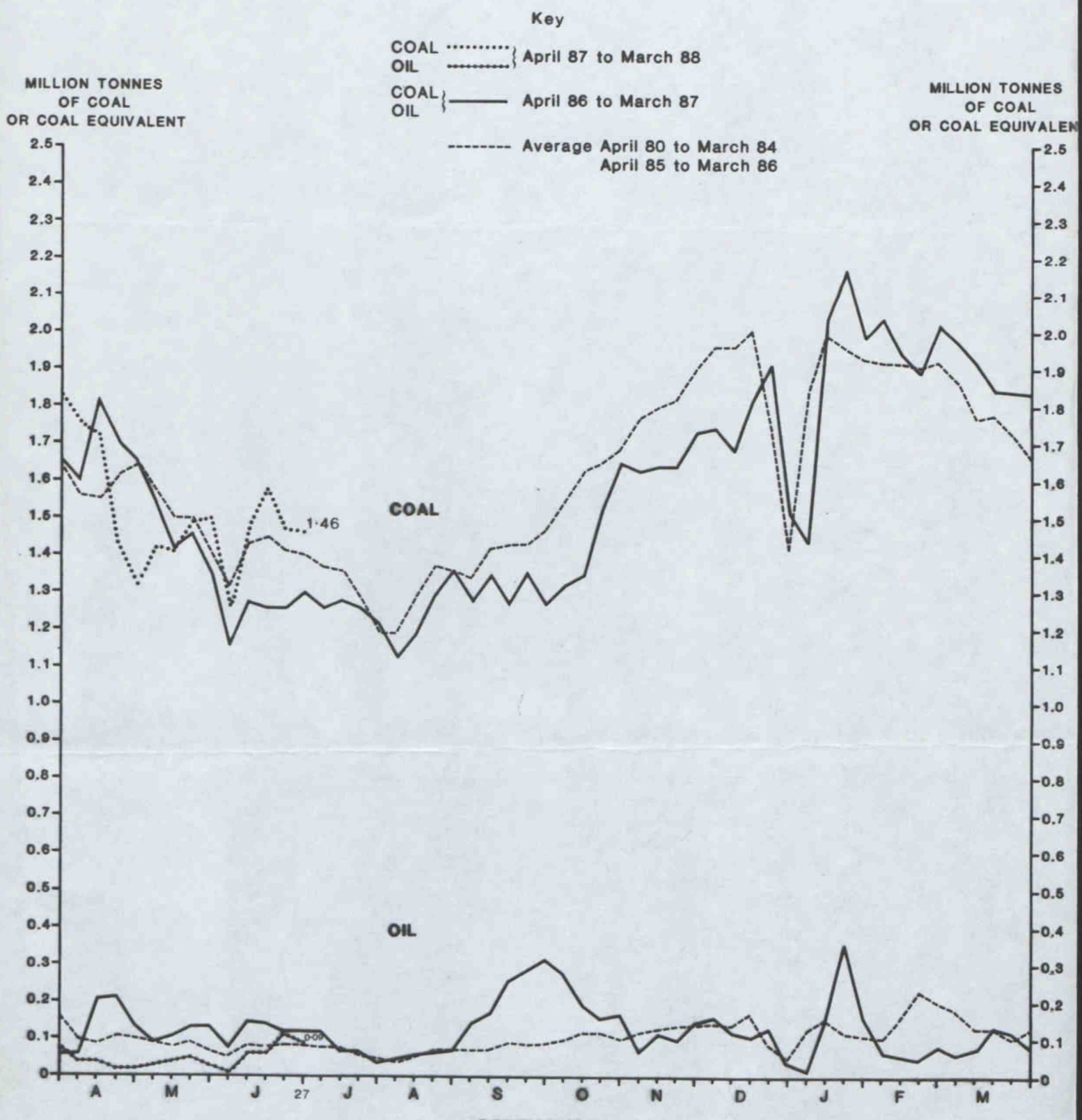
COAL CONSUMPTION AND OIL CONSUMPTION (OIL FIRED) AT PUBLIC SUPPLY POWER STATIONS IN GREAT BRITAIN



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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 July 1987

Dear Geoff,

COAL STOCKS

The Prime Minister has noted from the weekly coal and power station statistics that coal stocks at power stations are now rising again, from a level somewhat higher than at this time last year. It is not clear, however, that the same rate of increase as last year will be achieved, and indeed there has been no decision on what the appropriate level for the start of next winter should be. The Prime Minister would be grateful for advice on the level of coal stocks needed to secure maintenance of electricity supplies in the coming winter against the possible threats.

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I am copying this letter to Tony Kuczys (H.M. Treasury) and Brian Unwin (Cabinet Office).

Yours,

David.

David Norgrove

Geoff Dart, Esq.,
Department of Energy.

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COPY NO 1 OF 9

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

David Norgrove Esq
10 Downing Street
LONDON
SW1A 2AA

Prime Minister!
Content with 27 million tonnes still?
DGR 17/7.

15 July 1987

Dear David,

COAL STOCKS

Thank you for your letter of 10 July.

As you know, following the second report on the lessons of the miners' strike, it was noted that the CEGB's normal coal purchase profile in 1986/87 would result in winter stocks at power stations of 27 million tonnes. This would give 9 months endurance in the event of a total stoppage of coal deliveries and 27 months should the UDM continue to work. Ministers agreed - your letter to me of 20 December 1985 refers - that winter stocks of 27 million tonnes would provide adequate security. (As a consequence it was subsequently agreed with the CEGB that spring stocks of 22 million tonnes were necessary to maintain this level of endurance the year round).

The position has been kept under close review since then, and the CEGB regularly assess endurance against operational changes. For this financial year the CEGB intend maintaining stocks at the 27/22 million tonnes level in order to continue to provide 9 months endurance cover. This is consistent with their EFL.

In addition to the weekly stocking figures for all fuels at power stations, my Secretary of State also receives a fortnightly report on endurance. The most recent of these is attached. This shows that the CEGB believe that they are on schedule to meet the 27 million tonnes target. Mr Parkinson believes that it would not be appropriate in present circumstances to risk a reduction in coal stocks.

Endurance is obviously one of the issues we will be examining closely in the context of privatisation of the electricity supply industry.

I am copying this letter to Tony Kuczys (Chancellor's Office) and Brian Unwin (Cabinet Office).

Yours,

G S DART
Principal Private Secretary

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ENDURANCE : FORTNIGHTLY REPORT TO 10 JULY 1982

1 Coal stocks at power stations are 22.87mt as at 6 July.

2 The CEGB estimates these stocks to be equivalent to 9 months endurance given a complete stoppage of coal deliveries to power stations and 27 months endurance given a partial (ie UDM production maintained) stoppage.

3 The target is for there to be 27 million tonnes of coal stocked at power stations by the end of October/beginning of November. Stocks have built by 160,000 tonnes over the last fortnight and CEGB advise they are on schedule to meet the target.

EL1(a)

10 July 1987

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

20 July, 1987.

COAL STOCKS

The Prime Minister has seen your letter to me of 15 July and has noted that the CEGB believe they are on schedule to meet the target of 27 million tonnes for winter stocks at power stations.

I am sending copies of this letter to Tony Kuczys (HM Treasury) and Brian Unwin (Cabinet Office).

(David Norgrove)

Geoff Dart, Esq.,
Department of Energy.