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Minutes of the meeting held in Lord Carrington's Room at the House of Lords on Wednesday 4th February 1976

Present: Mr. Gilmour (in the Chair)
Mr. Peyton, Hon. George Younger,
Mr. Hardy, Hon William Waldegrave,
Mr. Sumption and Mr. Forman (Secretary)

Apologies: Lord Carrington, Lord Jellicoe

Mr. Gilmour welcomed to the meeting Mr. Brian Clegg, Chairman of Northern Gas.

1. Mr. Clegg on the Gas Supply Industry

Mr. Clegg began by saying that the British Gas Industry in 1974/5 had a turnover of £1200 million, supplied 14 million customers, sold 13,000 million therms or 52 million tons of coal equivalent. Sales were divided: 44% domestic, 46% industrial and 10% commercial, and total sales had grown nearly 5 times since 1965. On a cold winter peak about 20% of the industry's supply went to industrial users and nearly 70% to domestic users. In a normal winter, the peak demand was about 85% of capacity, in a mild winter about 75%, and in summer less than 30%. The weather and the season therefore had a major effect on any emergency in the gas industry.

The industry had about 100,000 employees, of which about 40,000 were manual workers (mainly in the GMWU) and about 60,000 were staff (mainly in NALGO). In the past, industrial relations in the gas industry had been generally good, since the employees were customer orientated, not particularly fraternal with workers in other industries and not yet noticeably political in their motivation. However, the cloud on the horizon was the attitude of the staff unions in the industry which were beginning to show signs of middle class militancy. When industrial action was taken in the industry in 1973, the trouble was caused by the curtain which came down on the industry's pay negotiations as a result of the last Government's incomes policy. In the event some units took strike action and some did not, and it had been remarkable that the effect on the public had been small. As for sympathetic action with strikes in other industries, this had never happened in the gas industry. On the contrary, the industry had given special unobtrusive help to the steel and electricity supply industries on such occasions. On the whole the industry's employees took a moderate attitude which was only partly explained by the legal obligations upon them when they were on site.

The gas industry's main installations would be vulnerable to terrorist attack because of the extent of pipeline etc, but not so vulnerable to ordinary industrial picketing. For example, the pumping and reducing stations would be fairly easy to defend and the industry had comprehensive plans to deal with an emergency. The main areas of vulnerability were the condensate removal process and the support and maintenance services. If the compressors were stopped, about two thirds of the gas supply could still be fed through the system. About 5000 troops could probably defend the installations of gas transmission against any normal industrial action.

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As regards keeping going in an emergency, there was no inconvenience last time to users of natural gas and only in the town gas areas were there some difficulties. In such a situation the industry would be heavily dependent upon the loyalty of its higher management (i.e. those on £6000 a year and above), since those now on £4000-£6000 a year were no longer so reliable since NALGO had become more militant. The greatest disruption would probably come from a minority of the workers at key points in the system remote from the customers, e.g. Hinckley in the Midlands. In emergency circumstances the workers would almost certainly agree to make installations safe, even if they would not reconnect supplies. Other practical problems would include the payment of wages and the maintenance of adequate cash flow.

In an emergency the options open to the industry would be (1) to turn off those customers whose supplies could be interrupted; (2) to cut off various categories of industrial consumers; (3) to reduce domestic pressures (minimal effect); (4) to cut off supplies to entire geographical areas (e.g. Bognor Regis). There was already a priority list of industries that had been drawn up, so that it would be possible to maintain supplies to bakeries and cut off breweries for example. It would also be possible to choose between protecting employment and deliberately putting people out of work. However, there was no possibility of introducing a rota system as could be done in the electricity supply industry, because with gas this would create too much danger of explosions, etc.

As regards the effects of industrial action on the public, these were bound to be less severe than in the coal or electricity supply industries. The public could survive reasonably happily with light, TV, cold food and warm clothing, whereas the gas industry supplied more secondary essentials like warm air, hot water and cooked food. Furthermore, the workers were rather stymied by the fact that if they tried to seriously inconvenience people, they would always greatly increase the danger to their customers and this would work against their cause.

The way to avoid conflict in the gas industry was to be found in the political area, e.g. by avoiding too rigid an incomes policy and by heading off the middle class back-lash from the white collar unions. Government could also still rely on the customer orientation of many of the employees.

In the discussion which ensued, the following additional points were made:

- In a hostile industrial situation the gas industry could turn off customers in danger, but the workers would probably not turn people on again, except in cases of severe hardship.
- One great advantage of the gas supply industry was that it was an almost entirely closed system without dependence on outside supplies, etc.
- The worst risks as a result of industrial action would be at the control centres in the Midlands and elsewhere, now that NALGO and the Institute of Gas Engineers were becoming noticeably more militant. A place like Bacton on the East Anglian coast would be vulnerable to terrorist activity but fairly defensible against picketing.
- Most of the central equipment could be operated by a few senior management people, provided they had adequate protection.

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- Because of the danger of explosions, domestic users had to be either on or off. On the other hand, industrial users could be turned off quite easily, thus saving about 20% of total capacity. On the whole it would be technically easier and safer to cut off big industrial users, like ICI which takes the equivalent of a whole Area's supply, but this would cause serious damage to their installations and might lead to a major law suit.
- In the short term there was no scope for introducing more coal/gas dual firing, because this would require the laying of new pipes etc. which would be very expensive. However, if Government was willing to incur the cost, the gas industry could probably supply 5%-10% of total electricity generating requirements.
- The relations between the gas supply industry and Governments of both parties had been generally good.

Mr. Gilmour closed the meeting by warmly thanking Mr. Clegg for his attendance.

2. Next meeting.

No date was set. The Secretary agreed to liaise with members of the Group.