

cc A. Dwyer 28



SCOTTISH OFFICE
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Ann Mitchell

Mr Younger is not available tomorrow; but I am told that he is fairly "handicapped" on this. If you decide that more than 1 1/2 ton extra should be moved, he will play his part with the SSEB.

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PRIME MINISTER

MOVEMENT OF COAL TO POWER STATIONS

1. I have seen the Secretary of State for Energy's minute to you of 10 June and can confirm that I have been having similar discussions with the South of Scotland Electricity Board.
2. At a recent meeting with the Chairman and Deputy Chairman I was told that there should be no difficulty in building up stocks of coal to 10-11 weeks' supply. Much of this build-up can be achieved by continuing to receive coal at the normal rate of delivery throughout the summer. In this way the Board may be able to avoid attracting attention.
3. As far as ancillary supplies are concerned the Board are engaged in a detailed assessment but their preliminary advice was that stocks could be increased to provide cover for a 9 week period, and possibly longer. It should be possible to continue to obtain ancillaries, particularly during the early stages of a coal strike, but ideally the stock of ancillaries should be built up in advance to match the stock of coal and I shall be pressing the Board on this.
4. If you agree I will ask the Board to increase its combined stocks of coal and ancillaries to the levels indicated and on the financial basis which the Secretary of State for Energy has outlined. I have already made it clear to the Board that I hoped they would be prepared to cover the cost of ancillaries within their EFL and I have no doubt that the Board will be prepared to accept similar arrangements to those appertaining to the CEBG.
5. The Secretary of State for Energy has drawn attention to the possibility of increasing oil burn to help withstand a coal strike. There is scope for higher oil burn in Scotland and it would be possible in the event of a strike to use oil-burning stations in Scotland to export power to CEBG (although the quantity involved can only be marginal in the

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context of the much larger CEGB system). Like CEGB, the Scottish Boards would probably ask for compensation for increasing oil burn or building up additional oil stocks and would need adequate notice in order to build up their stocks.

6. I am copying this minute to the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Home Secretary, the Secretaries of State for Energy, Industry and Employment, the Minister of Transport and to Sir Robert Armstrong.

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SCOTTISH OFFICE
16 JUNE 1981

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