

cc/A Duguid
A Llatas

SECRET



Prime Minister

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he will continue
to chase this.

Lord

SECRETARY OF STATE FOR ENERGY

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Tim Lankester
Private Secretary to the Prime Minister
10 Downing Street
London
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29 May 1981

Dear Tim,

You asked me for a note for the Prime Minister's weekend box on the movement of coal stocks to power stations. The present position is that Ministers have agreed the financial basis on which additional coal might be moved from pithead to power stations: the coal would be delivered to the electricity boards (CEGB and SSEB) on deferred payment terms and the NCB enabled to cover transport costs by an increase in their EFL of up to £10 m. Departments have informed the four boards concerned - NCB, CEGB, SSEB and BRB at senior level and have asked them to assess how much coal can be moved during the summer period at what cost. The electricity boards have also been asked to consider raising stocks of ancillary materials commensurately with the likely level of coal stocks in order to safeguard endurance, the cost to be met from their EFL's. We have asked for a report back on the possibilities as quickly as possible and will of course keep you informed of developments.

Yours ever,

Janet

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JANET CHADWICK
Private Secretary