

cc G.A. Madh May 79
Contingency Planning

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R.

PRIME MINISTER

POWER STATION FUEL

See Energy PR (P43) { You asked to be kept in touch with the position on fuel stocks at CEGB power stations on which I last minuted you on 17 August.

CEGB coal stocks stand at 16 m tonnes, well above forecasts made earlier this year; if we include power stations in Scotland (for which the Secretary of State for Scotland is responsible) the figure exceeds 17½ m tonnes and reflects the rapid rate of stockbuild in recent weeks. The NCB and British Rail have worked hard to shift coal. Deliveries to the CEGB have been above programme and the mild autumn has helped. The CEGB are importing all the coal that can at the present time be shipped and transported (2½ m tonnes for the year).

Oil stocks are at a record level of 1.3 m tonnes and the CEGB has arranged for supplies (including BNOC oil) which will enable them to raise oil burn to the maximum economic level this winter; they are talking to the oil companies with a view to obtaining additional deliveries. (There are implications here for our international commitments which will need careful handling but which need not stand in our way).

It is difficult to forecast the level of electricity demand (so much depends on uncertainties including the weather and availability of other fuels to consumers) but if there is no disruption to either coal or oil supplies before Christmas the Board expects the level of stocks of both fuels at power stations to sustain an endurance during the period of peak demand (January and most of February) of four weeks with a further period of progressively declining output. Reduced supplies of coal and oil before Christmas for whatever reason would affect the level of stocks and therefore endurance after Christmas. Currently coal stocks are not as well balanced as they might be but their distribution can be manipulated by operating stations out of merit order in order to balance stock levels across the system while a certain amount of additional oil can be consumed in coal fired stations to conserve coal. The CEGB are examining both these courses.

Ancillary materials are important; the Board are taking action to replenish stocks as soon as they are drawn down. I am informed that these stocks would support 6 weeks of average winter output in January/March under operating practices designed to preserve materials rather than to minimise costs. Under normal circumstances the Board would not expect stocks of ancillaries to be affected by the holiday period - deliveries could be reduced but electricity output also declines as many firms close down for several days at that time. There is no expectation of difficulty in the water supply industry at present but much of the Board's capacity depends on mains water supply and there is little scope for increasing storage against disruption.

Copies of this minute go to E Committee, to the Secretary of State for Scotland, to the Minister of Transport and to Sir Robert Armstrong.

DA.

SECRETARY OF STATE FOR ENERGY

26 NOVEMBER 1979