CONFIDENTIAL

PRIME MINISTER

OF: for Thereday: "Prime Minister"

Mr Walker puts down a marker for your meeting an acid rain next Thursday.

ACID DEPOSITION

15/6

Patrick Jenkin is circulating a paper for our meeting on 19 June. I understand that this will discuss the costs involved in adopting particular emission control standards.

In assessing these costs it is of course necessary to form a view of the potential role of nuclear power in reducing emissions; it may be helpful if I explain some of the difficulties here. The first point I would make is that we have no means of knowing exactly how much new nuclear capacity will actually be installed by 2000. Various figures have been produced but there can be no "central case" - the uncertainties are too great. Nor are we committed to any quantified programme of nuclear installation by that date. Judgements are needed, but they must be realistic, or we may be led to suppose that there are easy options.

In their Sizewell evidence, the Central Electricity Generating Board (CEGB) set out a 'medium nuclear scenario' of 10GW of new nuclear - nine Sizewells in operation by 2000. This now seems an extremely optimistic scenario. Leaving aside questions of managerial and industrial capacity and the possibility of constructional delays, we cannot overlook the prospect of difficulty in relation to planning consents for such a number of major sites. Against this background, I very much doubt if we can realistically expect to see more than four or five new nuclear stations actually in operation by 2000. If consent is granted, the CEGB themselves do not expect Sizewell to be in operation before 1992/3 at the earliest. For another four stations to be completed by 2000 would be good going.

Best estimates suggest that, with 5GW of new nuclear, we should be well short of achieving a 30% reduction in emissions by 2000. Depending on growth assumptions and other factors, we could face the need to retrofit four or even more large plants to meet a 30% target by 2000, at a cost of upwards of £500m.

With the current scientific uncertainty I do not believe we would be justified in incurring such costs. For the present I believe that we should continue to insist on the prior need to demonstrate that this very substantial expenditure will actually solve the problem. In Community discussion it seems feasible for us to argue for a more realistic and soundly based set of proposals without committing ourselves in advance to a particular target.

A further point: I am very concerned about the public presentational aspects of all this. We must obviously be extremely cautious at this stage in deploying figures on future nuclear construction, and their potential impact on coal use.

I am copying this minute to Willie Whitelaw, Geoffrey Howe, George Younger, Patrick Jenkin, Norman Tebbit, Tom King, Michael Jopling, Peter Rees, Nicholas Ridley and to Sir Robert Armstrong.

Mark

SECRETARY OF STATE FOR ENERGY

15 June 1984

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