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pa.
~~MR. SCHOLAR~~

c. Mr. Hoskyns

FINANCING OF ACCELERATED COAL DELIVERIES

You may want to draw the Prime Minister's attention to ^{two} issues arising from Mr. Lawson's letter of 30 March to the Chief Secretary:

- (i) The effect of Mr. Lawson's proposal is that the extra costs of our accelerated coal deliveries will be met by an increase in the coal deficit grant, not by asking the CEGB to increase electricity costs. I think that is right, because we want to keep this operation low profile; but of course the same principle would not necessarily apply if substantial costs were generated by action directly responding to coal shortages.
- (ii) Mr. Lawson suggests that "once two autumns are passed" the CEGB should be able to draw down the stocks, provided they obtain the Government's agreement. I must say I think it highly unlikely that Ministers will want to maintain coal stocks on a lower level than what we are already planning for November 1982.

The Chief Secretary will be replying to Mr. Lawson, broadly endorsing his proposals; but there is no need for the Prime Minister to intervene in the correspondence.

J.

2 April 1982

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