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Coal File

MR. SCHOLAR

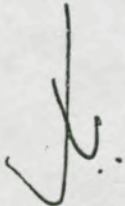
c. Mr. Hoskyns

Emergency Oil Burn: Public Expenditure Aspects

In his note which arrived yesterday evening, the Chancellor says that we must resist the MISC 57 proposal for accelerated oil burn after the end of the ASLEF dispute. (MISC 57 did not actually recommend that, merely drew attention to it as an option.)

I am still quite sure that it would be wrong to reach a judgement either way on how much oil needs to be burned to provide adequate endurance by next November, until we know the position we are in after the ASLEF dispute. It may well be, as the Chancellor indicates, that it will seem like a bad buy, with only a few weeks endurance being purchased at huge cost. But if the ASLEF dispute lasts even at its present level of disruption much beyond the spring, we shall be losing part of the period in which we normally build up stocks for the autumn at a substantial rate; and the projected level in November will start to look inadequate even if there is no industrial action in the mining industry. There are too many uncertainties about the level of power station stocks at the end of the ASLEF dispute for it to be safe to decide now not to go for accelerated oil burn at that time. And there is of course a whole spectrum of intermediate levels of additional oil burn.

The right course is surely to wait until ASLEF go back to work, see what the level of coal stocks then is, decide what level to aim for for November, and take decisions on oil burn - and imports, and gas burn, and road delivery - accordingly.



J.M.M. VEREKER

10 February 1982

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