



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

PRIME MINISTER

1 August 1985

ELECTRICITY PRICES FOR LARGE INDUSTRIAL CONSUMERS

I have seen Peter Walker's minute of 26 July.

It is unfortunate that my Department was excluded from recent discussions which led to the preparation of this minute and the Note by Officials. I do not therefore have a fully up-to-date assessment of the impact which the proposals would have in Scotland.

Nevertheless, from the most recent information we have, it is clear that the proposed scheme would be of considerable benefit to a number of major industries with plants in Scotland and I therefore support Peter Walker's proposals. I note in particular that paragraph 20 of the Paper by Officials refers to the possibility of a major inward investment involving the establishment of a paper mill at the former Talbot plant at Linwood. Energy prices are an important factor in a decision such as this and an early decision to adopt Peter Walker's proposals would be helpful in our discussions with the company.

We should not underestimate the difficulty we will have in dealing with complaints from those firms who will not qualify but for whom electricity is a substantial element in their production costs. Because of this, I would certainly hope that it would at least be possible to extend the scheme to plants not on the present Consumer Contracted Load terms, since there have been complaints in the past from companies unable to introduce load management arrangements and who therefore cannot benefit from that scheme.

I am copying this letter to Peter Walker, Nigel Lawson, Nicholas Edwards, Norman Tebbit, Tom King and to Sir Robert Armstrong.

G.Y.

Faint, illegible text, likely bleed-through from the reverse side of the page.



POST OFFICE

