



Ann Minute

Content with
proposed Answer
(subject to any views
from colleagues)?

PRIME MINISTER
PRIVATE GENERATION

You will know that we have agreed to announce our intention of relaxing the existing statutory prohibition on the supply of electricity as the main activity of a business when a suitable legislative opportunity arises. This is one of a number of measures for promoting competition that have been considered by E(DL).

The proposals which I am hoping shortly to announce about the organisation of the nationalised electricity supply industry are designed to establish closer working relationships between the Electricity Council and Boards, without changing the existing legislation. To balance them, I think it would be helpful if I now announced as soon as possible our intention of relaxing the statutory barrier against others engaging in electricity supply as a main business. Even though, as the statute stands, private industry is already able to produce a considerable proportion of the electricity it consumes and we cannot expect any substantial increase in private generation, we nevertheless believe it desirable to remove this barrier to competition in electricity supply, and I think we should now announce that it is our intention to do so.

As soon as I have conveyed this decision to the Electricity Council and Boards, I would therefore intend, if colleagues agree, to notify the House in terms of the attached draft, pursuant to the Answer given to the earlier Parliamentary Question on this subject from Michael Brown, which I also attach.

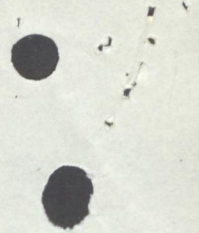
I am copying this minute to Keith Joseph, other members of E and ED(L) and to Sir Robert Armstrong.

SECRETARY OF STATE FOR ENERGY
4 JULY 1980

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DRAFT PQ FOR WRITTEN ANSWER ON PRIVATE ELECTRICITY GENERATION

Q. TO ASK THE SECRETARY OF STATE FOR ENERGY IF HE HAS RECONSIDERED THE EXISTING PROHIBITION ON THE SUPPLY OF ELECTRICITY AS THE MAIN ACTIVITY OF A BUSINESS, WITH A VIEW TO ALLOWING WIDER PRIVATE GENERATION?

A. Yes. The prohibition will be removed as soon as a suitable legislative opportunity occurs.

But what if it is a subsidiary
activity and there is a surplus. Surely
What tax should also be covered?
M.

Electricity

Mr. Michael Brown asked the Secretary of State for Energy if he will review the monopoly powers of the Central Electricity Generating Board with a view to allowing wider private generation of electricity.

Mr. Norman Lament: The CEB does not have a monopoly for generating and supplying electricity. It is open to any person in England and Wales to construct a generating station to produce electricity solely or mainly for his own purposes, provided that the necessary planning permission is obtained and regulations are complied with. If electricity for supply to others is to form a more substantial proportion of the station's output the Secretary of State's consent to construct is required. However, no one other than the Generating Board or an area electricity board may start to supply or distribute electricity to consumers as his main business.

This is among many matters being examined by the Government in the context of nationalised industry policy.

Not Ind JD



10 DOWNING STREET

cc	HO	MAFF
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	HMT	D/T
	D/I	D/N
	LPO	CST
	D/M	FST
		CO

From the Private Secretary

10 July, 1980.

Private Electricity Generation

The Prime Minister has considered your Secretary of State's minute of 4 July, and is content with the draft Written Answer which he proposes to give announcing that in future companies will be able to engage in electricity supply as a main business activity. Could you please let us know when it is intended that this announcement be made.

I am sending copies of this letter to the Private Secretaries to the Members of E and ED(L), and to David Wright (Cabinet Office).

*poss. next monday?
confirm w/b.*

T. P. LANKESTER

*Monday 21/7 in a speech.
Tim told.*

J.D. West, Esq.,
Department of Energy.

2488

VLS



10 DOWNING STREET

Dear Sirs

On your future query,
companies into a surplus
can only sell it to the
CEGB - i.e. they can't build
their own transmission
lines, and it is not
intended to change this
because duplication of
transmission lines would
simply waste resources.

R. 9/7



10 DOWNING STREET

PRIME MINISTER

Private Electricity Generation

You asked whether Mr. Howell's draft answer should not cover the situation where electricity generation is a subsidiary activity of a business. The answer to this is that it is already legal. If you wish, this could be made clear in the answer.

Can a company supply anyone with electricity?

8 July 1980

competition with the
C&G?
not