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PRIME MINISTER

Prime Minister Home Affairs
It is worth re-emphasising
that General Ward's conclusions
accord with the case argued
over several years by both Sir
Bernard Braine and the
(Labour-led) local action
groups. MAP 11/13

British Gas Methane Terminal at Canvey Island
(E(81) 29)

BACKGROUND

The Note by the Secretaries (E(81) 29) covers minutes from the Secretaries of State for the Environment (3rd March), for Employment (4th March) and for Energy (6th March) on the Government's response to the Planning Inspector's report, which will be published shortly, on risks from installations on Canvey Island. There have been subsequent minutes from colleagues commenting on each other's positions, but these three contain the kernel of the argument.

From Mr -
Prun & Siv 14
Joseph: now
below.

2. In his minute of 3rd March, the Secretary of State for the Environment recalls that in 1979 he commissioned a report on the case for revoking the planning permission given in 1975 to United Oil Refineries Limited (URL) for an oil refinery on Canvey Island. The Inspector, General Richard Ward, has concluded that, while URL's oil refinery is acceptable, the British Gas Corporation's (BGC) methane terminal is an unacceptable risk (see the paragraphs quoted in paragraph 5 of the Secretary of State for the Environment's minute). The Inspector recommends that either BGC should install a foolproof source of ignition on the terminal's perimeter or that the terminal should be closed down and moved elsewhere. He concludes that any other course would be "both foolhardy and irresponsible".

3. The Report must now be published very soon and, in view of the strong language of the recommendations on the methane terminal, the Government will need to say at the time of publication what further action it proposes to take. The position is complicated by the fact that both the Health and Safety Executive (HSE) and the BGC dispute the Inspector's findings about the safety of the terminal and by the fact, which has not surfaced in the minutes, that there are doubts about the Inspector's technical competence: he has no technical experience, he conducted the inquiry without the benefit of technical assessors, and



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his suggestion for a "foolproof source of ignition at the terminal's perimeter" would, so we are told, risk incinerating any BGC staff on site at the time of a gas leak. The fact that the Inspector also appear to have exceeded his terms of reference is an added bonus to the confusion which surrounds this particular operation.

4. The Secretary of State for the Environment recommends, in his paragraph 7, that the Government should consult Castle Point District Council with a view to arranging another exploratory public inquiry into whether he, jointly with the Secretary of State for Energy, should initiate proceedings for the discontinuance of the methane terminal. Such an inquiry would enable all the technical issues to be thrashed out, but would carry the risk, because the Government could hardly not act on its findings, that compensation around £100 million would become payable to the BGC if the terminal had to be shut down.

5. The Secretary of State for Energy on the other hand is clearly anxious to avoid any risk that BGC's terminal would have to be shut down, both because of the unpalatable consequences for the gas distribution system, and because of the difficulty and expense of establishing a new terminal somewhere else - which would have to be not very far away from Canvey. He also bears the consequences for other important industrial developments (e. g. PWR) of the seemingly endless enquiries and arguments surrounding Canvey. His preferred solution appears to be to allow the technical experts to fight their case outside the framework of a new inquiry, in the apparent hope that the Inspector's report can be discredited and the terminal allowed to continue.

6. I doubt whether any of your colleagues will dispute the desirability of keeping the BGC methane terminal operating in Canvey Island if this is at all possible. The question is how best to counter the unfortunate report which is now to hand.



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HANDLING

7. You will wish to open the discussion by inviting each of the Secretaries of State for the Environment, for Employment and for Energy to give their views. In addition the Secretaries of State for Industry, Scotland and for Wales may each want to comment on the possible repercussions of this case for other industrial siting problems. The Attorney General will be able to advise on the point raised by the Secretary of State for Energy on whether the Town and Country Planning legislation would be a suitable vehicle for closure of the terminal, should that prove necessary.

8. The choice proposed in the minutes before the Committee is:-

- (a) Either to accept the recommendation in paragraph 11 of the Secretary of State for the Environment's minute of 3rd March for an exploratory public inquiry on whether he should initiate proceedings for closure; or
- (b) to accept the recommendations at the foot of page 1 of the Secretary of State for Energy's minute of 6th March, that the HSE should be allowed to contest the Inspector's findings when the report has been published.

9. An alternative course, which might be suggested at the meeting, would be the appointment of an independent assessor of high technical standing who would be invited to advise the Government urgently on the conflicting technical advice now before it - that is, from the Inspector, from the HSE and from the BGC. This would have the political attraction of showing that the Government was responsive to the issues raised; although, in common with the Secretary of State for the Environment's approach, it would have to be recognised that it would then be difficult for the Government to do otherwise than accept the outcome. A modification might be to put such a high level independent assessor in charge of the public inquiry which the Secretary of State for the Environment has in mind.

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CONCLUSIONS

10. In the light of the discussion you will wish to record conclusions that, when the report is published, the Secretary of State for the Environment should announce -

either that the Government will arrange for an exploratory public inquiry into whether he should initiate proceedings for the discontinuance of the methane terminal;

or that the HSE will examine further, and comment on, the Inspector's findings;

or that the Government will take some other course - e. g. the appointment of a high level independent technical assessor.

You might then invite the Secretary of State for the Environment to clear the terms of his statement with the Secretaries of State for Employment and for Energy.

RA

(Robert Armstrong)

11th March 1981