

# NORTH SEA GAS FOR POWER GENERATION IN THE UK, 1966-1976: PRELIMINARY FINDINGS

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# Abstract

- **Discovery of North Sea Gas greatly altered Britain's energy picture but its use in electricity generation was minimal**
- **The failure to make wider use of indigenous gas, in view of all the fuel problems in the 60s and 70s, is surprising**
- **Existing literature does not cover this, nor do they explain the relation between the gas and electricity industry within fuel policy context**
- **This presentation presents some preliminary findings as to why this was so, with reference to wider fuel policy consideration**

# Background

- **In October 1966, Ministry of Power recommends the nationalized gas industry, the Gas Council and the nationalized electricity generating company, Central Electricity Generating Board (CEGB), to look into possibilities of using gas for electricity generation**
- **Approval given in June 1967 to convert one boiler at Hams Hall C coal station to be dual fired, i.e. burning both coal and natural gas**
- **Encouraged by success of conversion and coal shortage of 1969, further conversion of coal stations to dual natural gas/coal fired proposed, i.e. all six boilers of Hams Hall C, West Thurrock, South Denes**

# Place of CEGB within Fuel Policy

- Electricity essential; greater national/social responsibility compared to gas
- Security of supply primordial concern
- **On the other hand, lacking political leverage to influence fuel policy;** as described by (Hannah, 1982) electricity industry an 'easy political game'
- CEGB forced to support both coal and nuclear energy; oil tax on 1961
- Freedom of fuel severely curtailed; thwarting CEGB's effort to provide economic electricity supply

# Place of Gas Council within Fuel Policy

- In late 1950s and 1960s, viewed as industry in difficulty and as such, government gives more leeway to gas
- Allowed to move away from coal, import of methane gas from Algeria in 1961 approved, not subject to 1961 fuel tax
- Gas Council conscious of this stance, depicting itself as struggling industry
- North Sea Gas changes profile of Gas Council
- Granted statutory authority to negotiate and purchase gas with international oil companies per Section 9 UK Continental Shelf Act of 1964
- Controls pipeline system for natural gas

# Preliminary findings on policy on natural gas for electricity(I)

- **Coal shortage of 1969 to early 1972 leads to further calls for conversion to natural gas by CEGB and driven by CEGB's desire to cut down fuel costs**
- **For Gas Council/British Gas, power generation is also good bulk market, where supplies are interruptible**
- **But interest of coal always in the background of government fuel policy; the National Union of Mineworkers becoming more important after 1972 strike and 1974**
- **Pressure on CEGB to convert oil powered stations to gas rather than coal powered ones, despite economic costs to the Board**

# Preliminary findings on policy on natural gas for electricity(II)

- **Uneasy relation between gas and electricity also impedes widespread use of gas in electricity**
- **Connection charge controversy of 1960s and 70s/ both competitors as well as partner**
- **Gas Council concerned of direct contact between CEGB and oil companies; wants assurance against this happening**
- **Negotiations over price for delivered bulk gas is not always smooth (more research needed on this)**
- **CEGB unable to purchase gas directly from producers, i.e. debate over purchase of gas from CONOCO/NCB in Viking field, Ekofisk field**

# Way Ahead

- **So far, research concentrated on political dimension, i.e. influence of coal lobby, gas trying to maintain its monopoly, etc..**
- **But economic, intellectual side of the issue should also be looked into**
- **An examination of contemporary intellectual debate on viability of having a gas monopsony/monopoly position is necessary**
- **More information on price negotiations between Gas Council/CEGB required**
- **North Sea Gas but also North Sea Oil and power generation has to be examined**



# Archives

- **Bulk of findings here from the Ministry of Power papers (POWE), Treasury papers (T), Department of Energy papers (EG), and Department of Industry and Trade Papers (HV) from The National Archives (TNA) at Kew.**
- **BP archives at Warwick University should be looked into**
- **The National Gas Archives, at Warrington**
- **Advice on where to go and look welcome!!**



**THANK YOU!!**