



Nuclear Free Local Authorities Steering Committee

information

NFLA Media release - for immediate release, 14th June 2012

NFLA submits report to Energy & Climate Change Committee as energy inquiry raises political risks of no new nuclear build

The Nuclear Free Local Authorities (NFLA) has submitted today a detailed report to the Parliamentary Energy & Climate Change Committee outlining a long list of subsidies that will be given by the UK Government to the nuclear industry through its draft electricity market reforms legislation (1).

The Select Committee are currently holding an inquiry into the Government's Draft Energy Bill (2). Within the NFLA submission there is strong support for the dissatisfaction the Select Committee has with the Department of Energy and Climate Change for not presenting draft secondary legislation with the Bill. Key details of how the electricity market reforms are planned to work are absent without the secondary legislation, making it difficult for the Select Committee or groups like NFLA to be able to comment adequately on them. In the NFLA's view, this means Parliament may struggle to comprehensively scrutinise this legislation when the Bill is formally tabled in the autumn.

The NFLA submission notes the analysis already undertaken by WWF and Greenpeace which calculates that the Government's proposed reforms could equate to a **£3.43 billion windfall to existing nuclear generators between 2013 and 2026** (3).

Key conclusions of the NFLA submission include:

- The UK Government appears to be planning to force consumers to subsidise nuclear power through its electricity market reforms, despite having promised there would be no public subsidy for new reactors.
- Offering new nuclear operators a fixed unit price for the cost of spent fuel management and disposal represents a subsidy of perhaps as much as £427 million per reactor. Underwriting nuclear operators' nuclear waste and decommissioning costs also represents a subsidy.
- Subsidising new technologies, which can help meet the country's objective of reducing greenhouse gas emissions, in order to help their deployment and reduce costs so they can eventually reach market maturity and no longer require a subsidy, is a sensible government policy. But subsidising a technology which has already existed for over 70 years without achieving the expected cost reductions, and which produces a dangerous waste that has currently not been adequately dealt with, is certainly not in the interest of the taxpayer or the electricity consumer.

In sessions of the Select Committee's inquiry into the Energy Bill the Chief Executive of EDF, Vincent de Rivaz, has indicated that its planned investment decisions on nuclear new build at Hinkley Point, expected to be made by the end of 2012, may be delayed significantly as it seeks to negotiate a contract for difference with the Government and a legal framework for this contract. This has led the Conservative Chair of the Committee, Tim Yeo MP, to comment that the whole UK new nuclear build project is 'under serious threat' (4).

The Chief Executive of Scottish and Southern Energy, Ian Marchant, commented to the Select Committee of his company's 'deep concerns' over a perceived lack of transparency around how the government and EDF would negotiate the "strike price" for new nuclear power stations (5). Mr Marchant described the discussions over the Government's electricity market reform as "a mechanism designed to mean negotiation in a smoke-filled room" and that "there has been a lack of transparency about the cost structures of the nuclear industry over many years and we are facing the same [today]." (6)

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NFLA Chair Councillor Brian Goodall said:

“This NFLA submission to the Energy & Climate Change Committee reiterates our continuing concern that the taxpayer and the electricity consumer – i.e. you and me – will be shelling out billions to pay huge utility companies like EDF for developing overly expensive new nuclear reactors. It is clear to me that the financing of nuclear power is its weakest link and the comments by the Chief Executives of EDF and SSE confirms my real concern that the Government are being held to ransom for a technology that has consistently not delivered to budget. It is time to abandon the Government’s obsession with new nuclear build and develop clean, job rich, sustainable renewable technologies instead, not looking to cut the subsidies to them as George Osborne is threatening.”

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Further information –

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Notes to editors:

- (1) The report is attached with this media release and will be placed on the NFLA website <http://www.nuclearpolicy.info>
- (2) Department of Energy and Climate Change, Electricity Market Reform White Paper 2011. http://www.decc.gov.uk/en/content/cms/legislation/white_papers/emr_wp_2011/emr_wp_2011.aspx
- (3) WWF, Energy Bills to Rise as Nuclear get £3.43 billion for Doing Nothing, 14 February 2012 http://www.wwf.org.uk/what_we_do/press_centre/?4629/Energy-bills-to-rise-asnuclear-gets-343bn-for-doing-nothing
WWF, How Can Zero Nuclear Subsidy = £3.4bn profit? 14 February 2012. http://www.wwf.org.uk/wwf_articles.cfm?unewsid=4625
- (4) UK nuclear power plans ‘need saving by David Cameron and Francois Hollande’, Guardian, 12th June 2012. <http://www.guardian.co.uk/environment/2012/jun/uk-nuclear-power-david-cameron?newsfeed=true>
- (5) The ‘strike price’ is the price producers of low carbon electricity would be guaranteed for electrical power under a complex EMR arrangement known as a contract for difference (CfD).
- (6) SSE Chief Executive attacks secrecy of nuclear subsidy talks, Daily Telegraph, 12th June 2012. <http://www.telegraph.co.uk/finance/newsbysector/energy/9327801/SSE-attacks-secrecy-of-nuclear-subsidy-talks.html>

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