



Nuclear Free Local Authorities Steering Committee

information

NFLA Media release - for immediate release, 22nd February 2013

Nuclear new build and European Commission state subsidies issue –

- **Potential EU delays mean the project is unfeasible**
- **NFLA concerned on damage to renewable subsidies**

The Nuclear Free Local Authorities (NFLA) is increasingly alarmed with the ‘backroom deal’ being undertaken between the UK Government and EDF to find a funding solution to keep on track plans for building new nuclear reactors at Hinkley Point in Somerset.

Recent media reports suggest the UK Government is considering a 40 year contract with EDF to ensure a ‘strike price’ of £100 MWh can be achieved and keep EDF from pulling out of the project (1). Apart from such a deal being completely contrary to the Coalition Government’s oft-quoted ‘no public subsidies’ pledge for new nuclear power stations, it could well give EDF an unfair advantage in the UK energy market and be considered as ‘illegal state aid’ by the European Commission. It is little surprise to the NFLA that other energy suppliers like Scottish and Southern Electricity (2) and RWE Npower (3) have publicly questioned this proposed solution to funding new nuclear build.

An article in ‘The Times’ now suggests that an additional two years will be required by the European Commission to fully assess whether the proposed deal between the UK Government and EDF can be approved or constitutes illegal state aid (4).

There are also related concerns that delays to this process from the European Commission will also affect the much needed increased investment into renewable energy technologies as the two ‘low carbon’ sectors get mixed up within the UK Energy Bill (5). Given the recent comments of the Director of Ofgem on the urgent need to deal with UK energy security, all such delays have the potential to affect ‘keeping the lights on’ (6).

The NFLA urges the following course of action:

- The private discussions between the UK Government and EDF need to be given a level of proper and effective Parliamentary scrutiny with the Public Accounts Committee the most obvious body to undertake this task, supported by the National Audit Office.
- Financial support for new nuclear at the level being reported should be abandoned as a hugely expensive waste of public money.
- Public funding for new build needs to be de-coupled from public funding for genuine low-carbon renewable energy technologies within the UK Energy Bill.
- An early judicial review on whether such a deal between the UK Government and EDF would be likely to contravene or not EU state aid rules may be needed to clarify matters.

NFLA Chair, Councillor Mark Hackett said:

“The prospect that the questionable reported deal of a 40 year strike price contract between the Government and the EDF is likely to require substantial scrutiny by the European Commission is of no real surprise to me or the NFLA. A further potential two year delay before construction can begin is yet more evidence that new nuclear is not likely to be up and running till the mid to late 2020s. That is far too late to deal with the urgent energy security crisis that exists in the next ten years. We have to take forward a policy similar to the German approach of extensive investment in developing a wide range of renewable technologies, energy efficiency and microgeneration. I find it galling that so much political will is being put into this desperate bid to fund new nuclear build with billions of pounds of public money. We don’t need new nuclear build. It is time this Government accepted that.”

THE LOCAL GOVERNMENT VOICE ON NUCLEAR ISSUES



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Ends

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Notes to editors:

- (1) Guardian, 'EDF want 40 year nuclear contract plan' 19th February 2013
<http://www.guardian.co.uk/business/2013/feb/19/edf-40-year-contract-nuclear-plant>
- (2) Dr Keith MacLean, Policy & Research Director, SSE, 'Gambling on shale and nuclear won't keep the lights on', SSE News 18th February 2013
<http://news.sse.com/listing/2013/02/blog-gambling-on-shale-and-nuclear-won't-keep-the-lights-on/>
- (3) Guardian, RWE boss warns over nuclear plant subsidies, 20th February 2013
<http://www.guardian.co.uk/business/2013/feb/20/rwe-npower-nuclear-subsidies-warning>
- (4) The Times, 'Nuclear delay as EDF funds investigated', 22nd February 2013
<http://www.thetimes.co.uk/tto/business/industries/utilities/article3695520.ece>
- (5) Real Feed-in Tariffs 21st February 2013
<http://realfeed-intariffs.blogspot.co.uk/2013/02/renewables-face-delays-as-nuclear-costs.html>
- (6) BBC, 'Ofgem Chief Executive warning over UK energy security', 19th February 2013
<http://www.bbc.co.uk/news/business-21501878>

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