



Nuclear Free Local Authorities Steering Committee

information

NFLA media release - for immediate release, 6th January 2016

As the National Audit Office calls Hinkley Point C an 'unrealistic', 'over-optimistic and potentially 'undeliverable' project, NFLA urges Government to rethink its energy 'reset' policy

The Nuclear Free Local Authorities (NFLA) is not surprised to hear the National Audit Office's (NAO) assessment of the proposed new nuclear power stations at Hinkley Point as potentially 'undeliverable'. NFLA calls for an urgent reassessment by the UK Government of energy policy to take into account these findings.

The NAO report considered 106 major infrastructure projects around the UK, and found that 37 of those due to be completed within the next five years have been branded "unachievable" or "in-doubt". (1) One of these is the Hinkley Point project. It is not known from the report whether the Hinkley Point project has been given a 'red' or an 'amber red' warning by the Infrastructure and Projects Authority (IPA), which assesses whether EDF, who plan to build the reactors, have the ability to meet cost and timetable targets for the project. NFLA plans to write to the IPA to clarify this matter.

Despite substantial price guarantees and financial support from the UK Government, likely to run into many billions of pounds, and Chinese state nuclear utilities offering to finance 30% of the project, EDF is still struggling to raise the resources needed to build Hinkley Point C. Its own employee shareholders association has raised concerns that developing a new nuclear station at Hinkley Point could bring down the company (2), whilst it is clear EDF is seeking to sell many of its valuable assets to find the billions it requires for the project (3). NFLA notes that the final investment decision, expected by the end of 2015, has still not been announced.

In terms of construction delays, there have been major technical issues and time overruns to EPR reactors (the type that would be developed for Hinkley) being built at Olkiluoto in Finland and Flamanville in France, which are both subject to regulatory pressures and significant cost overruns. An EPR currently being built at the Daishan plant in China since 2009, which was due to be completed by 2013, will not now come online until 2017 at the earliest (4).

This arises at a time when the UK Government has established an 'energy reset' policy which prioritises new nuclear, shale gas and energy imports over decentralised renewable energy and energy efficiency programmes. NFLA find this to be an illogical and irrational policy change which simply cannot deliver the levels of low carbon energy required to mitigate climate change.

NFLA concurs with the recent assessment of the former Energy and Climate Change Secretary Sir Edward Davey, who accused the government of "butchering the UK's renewables on the basis of Alice in Wonderland economics". His blunt assessment was in response to recent revelations uncovered by 'Carbon Brief' that official government projections suggest average domestic energy bills will be lower in 2020 than previously thought, emphasising that support for renewable energy would not lead to large increases in customer bills. (5)

NFLA notes instead that 2015 was a record-breaking year for the British wind industry, with onshore and offshore farms providing a larger-than-ever share of the UK's electricity, according to new data released yesterday by the National Grid. Last year the UK generated 11 per cent of its electricity from

THE LOCAL GOVERNMENT VOICE ON NUCLEAR ISSUES

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wind, up from 9.5 per cent in 2014. Wind turbines provided enough electricity to power 8.25 million homes, representing more than 30 per cent of UK households, according to analysis of the data by the trade body Renewable UK. (6) There were also significant increases in other forms of renewable energy generation, such as solar power.

NFLA continues to advocate an energy policy of developing a wide renewable energy mix, energy efficiency and microgeneration. In 2016 it will continue to advocate that local government can play a key role in such a policy through the development of local authority energy service companies.

NFLA Chair Councillor Ernie Galsworthy said:

“The report from the National Audit Office is more valuable evidence that the Hinkley Point new build project is probably undeliverable, overly expensive and will not provide the radical moves required to reduce carbon emissions over the next decade. The Government needs to accept the large body of evidence which contradicts its ‘energy reset’ policy and rather invest in renewable energy, supporting local authorities, community cooperatives and innovative companies to deliver a low carbon future.”

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For more information please contact Sean Morris, NFLA Secretary on 07771 930196.

Notes for editors:

- (1) Telegraph, 6th January 2016
<http://www.telegraph.co.uk/active/12083669/Over-a-third-of-major-infrastructure-projects-branded-undeliverable-or-in-doubt-report-finds.html>
- (2) Guardian, 13th November 2015
<http://www.theguardian.com/environment/2015/nov/13/hinkley-point-nuclear-plan-puts-survival-edf-at-risk-say-employee-shareholders>
- (3) Les Echos.fr, 6th January 2016, ‘EDF plans to sell more than 6 billion euros of assets in 2016 (to finance Hinkley Point) - sales could include US & UK generation assets and French grid’. Taken from: <http://www.lesechos.fr/industrie-services/energie-environnement/021594340218-edf-envisage-de-ceder-plus-de-6-milliards-deuros-dactifs-en-2016-1189865.php>
- (4) Financial Times <http://www.ft.com/cms/s/0/789e5070-974a-11e5-9228-87e603d47bdc.html>
- (5) Business Green, 5th January 2016
<http://m.businessgreen.com/bg/news/2440551/davey-accuses-government-of-butchering-uks-renewables-on-the-basis-of-alice-in-wonderland-economics>
- (6) Business Green, 5th January 2016
<http://www.businessgreen.com/bg/news/2440481/uk-wind-industry-smashes-records-in-2015>

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