NFLA notes only a participation agreement between China, UK and EDF is being agreed today for Hinkley Point C. Many hurdles still remain. NFLA calls instead for investment in renewables and decentralised energy.

The Nuclear Free Local Authorities (NFLA) notes with dismay the announcement to sign an initial participation agreement between the Chinese and UK Governments and EDF over the proposed construction of a new nuclear power station at Hinkley Point, and future plans for new nuclear reactors at Sizewell and Bradwell. However, it is clear that this is still not a final investment decision and many significant hurdles still remain.

NFLA note the comment published in the Financial Times that: “senior EDF executives and a negotiating team led by China’s state-owned CGN struck an accord that will lead to a final investment decision on the plant — an irrevocable undertaking — by the end of the year.” (1)

NFLA also note that Chinese nuclear utilities appear to only be offering 33.5% of the share of the Hinkley Point investment, when it has been clear EDF have been looking for 40%. (2)

NFLA note that the deal has been criticised across the media, by energy policy experts (many of whom support nuclear power) and by a number of financial commentators. Whilst the UK Government is cutting back on renewable subsidies around a claim of reducing customer bills, NFLA believe this irrational and expensive deal will undoubtedly increase the amount of such bills for decades to come.

The continuing hurdles that need to be overcome to realise the Hinkley C deal remain considerable. They include:

- Flawed steel-works has been identified on the reactor pressure vessel and lid of an identical nuclear reactor being built in Flamanville, France. The French nuclear regulator has suspended all work on the reactor. This could take 12 – 24 months to resolve and no work could start at Hinkley Point until these safety issues are resolved in France.

- Due to severe financial difficulties and huge levels of debt, the French Government has commenced a restructuring of EDF and Areva NP into a merged company. This will also take some considerable time to achieve, and is a major reason Chinese investment was so desperately required to realise UK new nuclear build.

- A legal challenge to the European Commission by the Austrian and Luxembourg Governments, and a group of Austrian and German renewable energy companies, over its approval of the UK – EDF state aid deal for Hinkley Point will take at least a year or more to resolve. If the courts find against the Commission the whole financing deal will be placed in jeopardy.

- A reliability clause is likely within the contract. This will be linked in to the prior successful EPR operation being constructed at Flamanville-3 in France. This nuclear reactor project is now years behind schedule and billions over budget in being realised. Today EDF has asked for a formal three year delay in this project, being it will not be completed until at least 2020, 13 years after construction began. (3)

NFLA remain dismayed that the UK Government appears to be putting all its future energy policy priorities around this £24.5 billion project, whilst decimating the renewable energy industry. NFLA notes that the Solar Trade Association (STA) has undertaken analysis showing that solar PV could provide the same amount of electricity as Hinkley Point C for half the subsidy cost. (4)
The STA analysis shows that a combination of solar, energy storage and other flexibility mechanisms would cost consumers roughly 50% less than Hinkley Point C over the 35 year lifetime of the Hinkley subsidy. NFLA agree with STA that the Government needs to explain why it is drastically cutting support for solar energy whilst offering double the subsidy to Hinkley Point C. It also needs to explain why it is championing overseas state-backed utilities over British solar companies which have considerable growth prospects if a stable subsidy regime was maintained.

NFLA are also alarmed such policies risk the development of local authority energy enterprises, will not provide more fuel efficient homes or reduce increasing levels of fuel poverty, and put tens of thousands of other jobs at risk.

NFLA also believe Chinese interests in this project stem more from wishing to develop its own reactor design at Bradwell so as to get international legitimacy for its cheaper product. This is little different to the major issues in the international steel industry, where cheap over-supply of Chinese steel exports is decimating the UK and European steel industry. National security issues, as noted by many energy and security policy experts remain a real concern with Chinese access to UK critical infrastructure. In these comments, NFLA is reflecting concerns of pro-nuclear supporters like the Daily Mail, the Daily Telegraph, The Times, the Financial Times and the GMB trade union.

NFLA Chair Councillor Norman McDonald said: “NFLA is alarmed and disappointed with this initial agreement to bring China into the investment coalition for building new nuclear reactors. It is a high risk venture, with many obstacles and hurdles still to overcome. Hinkley C is not the answer to the UK’s future low carbon energy needs. UK energy demand has actually been falling in recent years, and there is ample evidence that a mix of renewable energy technologies, energy storage and energy efficiency would provide our needs and decarbonise the UK energy system. Instead, the UK could be locked in to an exorbitantly expensive energy project that could still take over a decade or more to realise, leading to large amounts of additional radioactive waste being created, whilst it could still all quite easily unravel. This is completely the wrong solution for our future energy security.”

Ends
For more information please contact Sean Morris, NFLA Secretary on 0161 234 3244 or 07771 930196.

Notes for editors:
(1) Financial Times, 20th October https://next.ft.com/content/d96226f2-76a7-11e5-a95a-27d368e1dd7
(3) Yahoo News, 21st October 2015 https://uk.news.yahoo.com/frances-edf-seeks-deadline-epr-171032486.html#8ogwRWX
(4) Politics 20th October 2015 http://www.politics.co.uk/opinion-formers/solartradeassociation/article/solar-could-provide-as-much-power-as-hinkley-point-c-for-hal

THE LOCAL GOVERNMENT VOICE ON NUCLEAR ISSUES