Nuclear Free Local Authorities Steering Committee

information

NFLA Media release - for immediate release, 17th May 2012

NFLA publishes 'Spinwatch' report on nuclear subsidies on its website

The Nuclear Free Local Authorities (NFLA) has published today on its website (1) a detailed report by its Policy Advisor which outlines a long list of subsidies that will be given by the UK Government to the nuclear industry through the electricity market reforms legislation. This legislation will be going to Parliament shortly to assist with the construction of new nuclear power stations. In the NFLA's view this draft legislation will go against the 2010 UK Government Coalition Agreement that has determined current nuclear energy policy for no public subsidy.

The report was developed by the NFLA Policy Advisor on the request of the independent media watchdog 'Spinwatch' (2), who were concerned that the matter was not being adequately considered by Parliament. The NFLA publishes the report in its entirety and have sent it to its members, anti-nuclear groups, MPs and MEPs. Spinwatch have already sent it to 430 Liberal Democrat party branches encouraging them to raise the matter with the Energy Minister Ed Davey.

There are four key elements to the Government's electricity market reforms, and each has the potential to provide a direct or an indirect subsidy to the nuclear industry (3). They are:

- a Feed-in Tariff with Contracts for Difference (CfD-FiTs);
- a Capacity Mechanism;
- a Carbon Floor Price (CFP);
- the Emissions Performance Standard.

The report for Spinwatch 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 (4).

Key conclusions of the NFLA Policy Advisor's report 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.
- Any limit on liability on the costs of nuclear accidents eases the burden on nuclear operators. Paying for commercial insurance could add around half a euro to the cost of a unit of electricity, so a cap on liability represents a subsidy.
- Subsiding 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.

NFLA Policy Advisor Pete Roche said:
"The report I have developed for Spinwatch outlines a concern I, and the NFLA, have consistently raised with Government. The Coalition Government promised that it would not subsidise new nuclear reactors, but it has been trying since day one to come up with ever more creative ways to force

THE LOCAL GOVERNMENT VOICE ON NUCLEAR ISSUES

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electricity consumers and taxpayers to stump up for this increasingly expensive and dangerous technology. With the forthcoming publication of the Electricity Market Reform proposals it will become blatantly obvious that the Government is breaking its promise. I urge Parliamentarians and anyone concerned about Governments sticking to their promises to reject these proposals."

Ends

Further information –
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Pete Roche, NFLA Policy Advisor 00 44 (0)131 444 1445.

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) Spinwatch' is an independent non-profit making organisation which monitors the role of public relations and 'spin' in contemporary society.
http://www.spinwatch.org.uk
(3) 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
(4) 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

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