



Nuclear Free Local Authorities Steering Committee

information

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NFLA welcomes other influential responses to the European Commission's consideration of state aid for UK new nuclear build

The Nuclear Free Local Authorities (NFLA) welcomes three influential responses to the European Commission's consideration of the UK Government's 'strike price' deal with EDF for building new nuclear power stations at Hinkley Point and Sizewell.

Last month, the NFLA joined with the Cities for a Nuclear Free Europe (CNFE) network and the local pressure group Stop Hinkley to submit a detailed response to the European Commission calling for it to reject the UK Government's deal as an illegitimate form of state aid (1).

The 'strike price' deal would provide financial support and guarantees with EDF for the £16 billion funding of the first new nuclear reactors to be potentially built in the UK for two decades. The deal has to be authorised by the European Commission to determine whether it is a legitimate form of state aid to a utility company and whether it will have a negative effect on the workings of the internal energy market. The deal is seen as a 'test case' which will dictate state support for new nuclear projects being considered by a number of other EU member states.

With the closing date for responses today, the NFLA notes three particular submissions which chimes in with its own response and provides additional technical information on why the UK deal should be rejected by the European Commission.

A communal response has been submitted by Dr Paul Dorfman (founder of the Nuclear Consulting Group) on behalf of 108 key UK and pan-EU energy policy and civil society stakeholders. This includes a cross-party section of UK Members of Parliament serving on UK energy and environment Parliamentary Committees. It is also supported by a number of high-level UK and pan-EU energy industry practitioners and experts, a very broad range of independent UK energy policy academics and consultants, and an element of UK and pan-EU Members of the European Parliament. (2) The submission raises concerns around market distortions of the proposed deal and its negative impact on the development of renewable energy in Europe.

This response concludes that:

"The development of sustainable and affordable low carbon energy remains a growing economic sector with huge potential for job creation. To seek to delimit this diversity through particular State Aid support of nuclear power at the expense of other, potentially more flexible, safe, productive, cost-effective and affordable technologies seems, at the very least, unwise."

The NFLA also notes and welcomes an open letter written by 10 leading energy policy economists to the European Commission on the same matter. (3) The letter argues:

"The currently negotiated EU State aid guidelines require that member states provide aid to renewable energy solely in the form of a premium to the market price. Such market premiums risk however the efficiency of short-term; and the effectiveness of forward contracting, markets and increase the costs of financing for renewable projects. They advantage incumbents, create barriers to new entrants, and raise the cost of meeting the renewable targets. They fail the Directorate-General Competition's (the European Commission's) stated intention that aid for renewables should be at least cost to society. If the EU wants to achieve the policy objectives of advancing the EU energy market, reducing costs to consumers, and delivering the EU energy security, renewable and climate targets, it should also allow for the option of using easier to manage feed-in systems."

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The NFLA also welcomes the response of the leading NGO, Friends of the Earth, to the European Commission. (4) It argues:

“If Hinkley is built, then from 2023 (or later) it will be competing directly with renewable generation for that limited pot (of available financial support). DECC’s analysis and that of others show multiple routes to decarbonisation – these objectives can be met with more renewables and less nuclear. We note too that DECC’s central projection for electricity generation to 2030 assumes a tailing off in growth in renewables post 2020, and a rapid growth in nuclear post 2025.”

NFLA Chair Councillor Mark Hackett said:

“I warmly welcome the many serious and detailed responses that have been submitted to the European Commission arguing that it should reject the UK Government’s overly expensive deal to finance new nuclear reactors at Hinkley Point. All argue the deal will unfairly benefit nuclear power over renewable energy, and it is anti-competitive and would distort the electricity market. I urge the European Commission to keep its nerve, stand by its earlier deep concerns over the UK Government’s deal and firmly reject it as an illegal form of state aid. The UK desperately needs new energy solutions for its future energy security, but the strike price deal is not the right one.”

Ends

For more information please contact Sean Morris, NFLA Secretary on 0161 234 3244.

Notes for editors:

- (1) NFLA, CNFE and Stop Hinkley response to the European Commission, 11th March
http://www.nuclearpolicy.info/docs/nuclearmonitor/NFLA_New_Nuclear_Monitor_No35.pdf
- (2) Communal response to the European Commission submitted by Dr Paul Dorfman, 4th April 2014
<http://www.bartlett.ucl.ac.uk/energy/news/european-commission-consultation>
- (3) Letter to the European Commission by 10 eminent energy policy economists, IGov, 4th April
<http://projects.exeter.ac.uk/igov/open-letter-on-market-premiums/>
- (4) Friends of the Earth response to the European Commission, 1st April 2014
<https://www.foe.co.uk/sites/default/files/downloads/foe-response-eu-state-aid-investigation-nuclear-hinkley-46130.pdf>

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