



GREENPEACE



Association for the  
Conservation of  
Energy



# The Energy Bill

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## No subsidies for nuclear power

May 2012

With new nuclear projects continuing to see costs escalate, there are fears that a large proportion of the money Treasury has determined is to be spent supporting low-carbon generation (under the Levy Control Framework – either this stage or the one beyond) could be diverted into nuclear power and away from renewable energy, which is cheaper and faster to build.

### The need for transparency

It is therefore essential that UK energy policy is determined by a transparent, evidence-based process that maximises investor and public confidence. Nuclear is at risk of not only being given a large subsidy in violation of the Coalition Agreement, but having this subsidy set by bargaining behind closed doors in a bespoke set of contracts with risks for consumers<sup>1</sup>, with more money than has ever been spent on a renewable energy project.

If the appearance is that a great deal of the LCF finance is to be swallowed up in nuclear projects, renewable investors will be deterred from coming to the UK. Contracts that give guaranteed electricity prices for Nuclear power, above the market rate, are already set to last 40 years – more than twice the length of renewable contracts and tying consumers into funding nuclear at the present rate until 2060.

Many people argue that the significant lifetime costs and hazards associated with nuclear power are not worth the benefits, especially in UK where we have abundant renewable resources. However the cost argument at least can be clarified as long as:

- Evidence for the proposed prices for nuclear is in the public domain, in advance of the contracts being agreed.
- All terms and conditions of the contracts for new nuclear power are in the public domain before agreement (with the same applying to renewables and other low carbon generation).
- There is an expert review panel meeting in public for prices, terms and conditions of nuclear contracts – including identifying where nuclear is being subsidised with contracts for power above the market rate.
- There is a transparent cap on public liability for insurance and waste disposal

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<sup>1</sup> <http://www.nortonrose.com/knowledge/publications/73337/fid-enabling-process-and-investment-contracts-an-update-on-key-aspects>

We also believe the Secretary of State should stick to the Coalition promise not to subsidise new nuclear power and:

- refuse to sign contracts with new nuclear power providers which are above the market rate for power
- not provide other means for existing nuclear power stations to benefit from state subsidy

MPs should raise concerns with Ministers and back the following amendments which would open the process to greater scrutiny, and ensure the Coalition Agreement commitment not to subsidise nuclear power is adhered to.

## Amendments on Nuclear Power

### Transparency

- New Clause 5 proposes an expert panel scrutinise and give advice on whether investment contracts and contracts for difference give value for money for consumers.
- Amendments 8 and 9 which allow secrecy around the contracts for new nuclear power only if information constitutes a trade secret
- Amendments 26 and 27, similarly, require the National Audit Office to make a report on value for money of investment contracts and contracts for difference a month before they are laid before Parliament.

### Removal of subsidy

- Amendment 23 removes nuclear power from the list of technologies the Government propose subsidising through contracts for difference
- Amendment 22 removes nuclear from the list of technologies that can be given payments through the capacity mechanism.
- Amendment 24 states that nuclear cannot be given higher support than renewable energy under contracts for difference.

## Contact

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