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- 1. Electricity Market Reform – Derren Brown-style mind tricks**

Years of lobbying by the nuclear industry have finally paid off, says *The Telegraph*, the UK Government has finally agreed to subsidise nuclear power. (1)

The government unveiled its plans for energy market reforms on 16<sup>th</sup> December, predicting the package of measures would lead to a huge increase in investment for renewable, nuclear and carbon capture and storage (CCS) projects. However, the proposals stop short of providing precise details on the future price of carbon emissions and the regulations governing fossil fuel plants that will ultimately be required by investors if they are to determine the economic feasibility of low-carbon projects. (2)

The reforms propose the introduction of four new measures, all designed to strengthen the investment case for low-carbon technologies. Central to the package are plans for a carbon floor price set out in a consultation by the Treasury (3) that is seeking feedback by 11<sup>th</sup> February so that plans can be finalised in the Budget on 23 March 2011. But the report does not determine the precise level at which the carbon floor price would be set, instead setting out a range of proposals that would see the carbon price in 2020 stand at £20, £30, or £40 a tonne.

The Department of Energy and Climate Change (DECC) is running a separate consultation on electricity market reform which proposes that the existing Renewable Obligations (RO) subsidy mechanism is phased out by 2017 and replaced by a new form of feed-in tariff, whereby the government agrees "*clear, long-term contracts*" that result in a top-up payment to low-carbon generators if wholesale energy prices are low. (4) It also outlines plans for a capacity mechanism that will provide additional payments to energy firms that construct reserve plants and invest in energy-saving measures, and sets out proposals for a "back-stop" to limit the level of emissions from fossil fuel power stations.

The DECC consultation also proposes an emissions performance standard (EPS) which would be set at either 600g CO<sub>2</sub>/kWh, which would effectively ban the dirtiest coal-fired power stations, or 450g CO<sub>2</sub>/kWh, which would ban all coal-fired power stations built without CCS capabilities and some gas-fired plants.

Of course Chris Huhne continues to insist his plans do not amount to a subsidy for nuclear power. *“There is no subsidy, there is a contract for difference to support low-carbon generation; nuclear is getting no special treatment.”* If all low-carbon energy is given a public subsidy then nuclear power has clearly been subsidised. The FT asked if these Derren Brown-style mind tricks will convince Lib Dem back-benchers? (5) The proposals could prove as uncomfortable for the Lib Dems as university funding has been.

Whichever way you look at these proposals, nuclear should win and operators of existing nuclear sites should get a nice little windfall too as prices for their electricity jumps. And you can't have winners without losers. And the losers appear to be both consumers, who will bear the costs and probably renewables. (6)

Jonathon Porritt reminds us the commitment to *“no subsidy for nuclear”* was what turned Chris Huhne from a *“serious sceptic”* to a compliant enthusiast. But if the Trades' Description Act applied to political pronouncements, Chris Huhne would find himself subject to prosecution for outright deception. (7) We now know that *“the Government's definition of a subsidy is literally a bag of cash delivered personally by George Osborne to each nuclear power plant,”* according to Peter Atherton, utilities analyst at Citigroup. (8)

Porritt translates some of Huhne's recent statements into honest English: *“we will be perfectly content, yet again, to let the nuclear industry absolve itself of its proper responsibilities for waste management and decommissioning, and will ensure that either taxpayers or energy consumers pick up their ‘full share of waste management costs’ through the nuclear levy on their energy bills or any support mechanism”*. And unlike every other industry, our Government will continue to underwrite the insurance costs of the nuclear industry. “No subsidy” actually means almost limitless subsidy if that's what it takes to get the damn things built. Far from the ‘no subsidy’ claim being a barrier to new nuclear, it simply provides a brilliant screen for devising all sorts of clever tricks to guarantee massive, continuing subsidy of the kind that the industry has always depended on.

A few days earlier Porritt was pleased to write that Chris Huhne had personally invited Amory Lovins of the Rocky Mountain Institute to come and talk to his officials at DECC. Lovins no doubt explained that no matter what the nuclear industry might say nuclear power turns out to be the most costly of all the low-carbon alternatives. Unfortunately Huhne was unable to attend the scheduled meeting. (9)

### **Impact on Fuel Poverty**

Other than Huhne's duplicity, the two main issues raised in the media so far in connection with these proposals have been the impact on fuel prices, and to a much lesser extent the impact on renewables.

Huhne predicts any price hikes will be relatively modest and insists the reforms are essential to ensure that new low-carbon energy sources are built and the UK is protected from increasing levels of fossil fuel price volatility. DECC says the changes will lead to a reduction in energy bills in the long term, compared with business as usual, with household energy bills predicted to be four per cent lower than current projections. The Government admits the reforms will lead to an increase in electricity bills, not energy bills, of £160 per year by 2030, but this is expected to be £30 lower than increases expected under the current market framework. (10) Given the Coalition Government's commitment to eradicate fuel poverty by 2016 ‘as far as reasonably practical’, there clearly needs to be a huge national effort on energy efficiency for low income households. (11)

*The Telegraph* reported that the plans will put Britain on course for a “high cost, low carbon” electricity market with households paying an extra £500 a year on top of the current total average energy bill of £1,157, according to uSwitch. (12) What the *Telegraph* doesn’t say is that the £500 figure comes from a uSwitch report which is 18 months old. Uswitch says it has not analysed the latest market reform proposals yet.

Similarly *The Express* complained that the Government’s “green” energy programme will be “*an outrageous attack on lifestyles*”. The average UK household, according to Ofgem, now pays £1,245 a year in gas and electricity bills. Of this, £84 goes towards subsidising green energy schemes. We are each paying £24 a year towards the EU carbon trading scheme, £12 towards the Renewables Obligation, which forces electricity companies to buy some of their power from more expensive green energy sources, and £45 a year to subsidise domestic insulation schemes. But Chris Huhne’s proposals will add a further £160 a year to electricity bills by 2030. (13) What isn’t clear from the Government’s projections is whether the planned shift to electric heating by 2030 has been taken into account. (14) *The Daily Mail* says the Government’s plans will add an extra million to the 4.5 million households already suffering from fuel poverty. It quotes Mark Todd, director of the comparison website energy helpline.com, which says gas and electricity prices are expected nearly to double over the next decade from the present annual average of £1,150 for gas and electricity combined. (15)

As Business Green points out, the simple fact is energy bills will increase over the next 20 years whatever we do, so we need a serious debate about the future of the UK's energy market. Huhne’s proposals appear to show “*a bizarre lack of joined-up thinking*”, says *The Express*. The BBC’s Robert Peston says the Treasury’s own figures show the poorest will be hit hardest by the reforms. For example the 20% poorest households in the country will be forced to allocate between 0.04% and 0.3% extra of total spending to electricity in 2020 - a fraction of the impact on the 10% richest in the country, for whom the squeeze in spending resources will be between 0.01% and about 0.07%. Obviously not massive sums - but for poor people, every little bit hurts. (16) We also have to bear in mind that vulnerable people are already suffering at current energy prices - going without food in order to keep the heating on while fuel bills rise and temperatures plummet. Citizens Advice Scotland, for example, has warned that more people risk being dragged into fuel poverty this Christmas as they struggle to cope with the “double whammy” of excessively cold weather and unusually high fuel charges. (17)

The Government says its “Green Deal” is a key element of its policy to improve household energy efficiency. It says it is “*committed to putting in place the necessary steps to ensure that the benefits of the Green Deal can reach every household, even the poorest and those in the hardest to treat homes*”. (18) But the jury is still out on whether the Green Deal will deliver the promised energy efficiency savings to households on low incomes.

The Government launched its “Green Deal” Bill, at the beginning of December (19) aiming to banish the upfront cost and hassle of refurbishing badly insulated homes. The “Green Deal” is supposed to give every household the right to have home energy efficiency improvements of up to £6,500 in value with the cost of the work paid back through the household's energy bills, and through the much greater savings that arise from a more energy-efficient home. But we don’t know yet how this deal will be financed - details are patchy to say the least, other than that “banks” will be involved. The Tories are stressing it will be “self-financing”, but Labour says the deal is a “green con”. (20) The trouble is that for some of the more expensive measures, such as solid wall insulation, savings might not be enough to pay back the loan, especially if householders are taking some of the savings in the form of extra heat. And disappointed customers might not be very happy when they realise how much interest they are paying to fund this “government” policy. (21) And the fuel poor tend to live in older properties with solid walls. (22)

In Germany, a similar scheme called the CO<sub>2</sub> Building Rehabilitation Programme was launched in 2001 - largely financed by EU-approved government subsidies. To date, €6.4bn has been allocated via this scheme. (23)

Andrew Warren, Director of the Association for the Conservation of Energy says he has been asked by one of the Directors of the Big Six Utilities what makes the Green Deal so attractive; over the last decade installation of the most cost-effective energy saving items: loft and cavity wall insulation, has been heavily subsidised. The Green Deal expects people to pay the full unsubsidised rate, plus interest. (24)

Professor of Energy Policy at Exeter University, Catherine Mitchell, says the government is right that our business-as-usual energy policy – one of the most liberal energy markets in the world – has to be abandoned. But sadly, the proposed electricity market reforms and the Green Deal do not include anything that will move the UK forward in anything other than an incremental manner. Proposals for long-term contracts for low-carbon energy and carbon floor prices are just sticking plasters on the current market design rather than changing the energy market to deliver a new type of energy system. We need regulated obligations on the scale of the transition from town gas to natural gas, says Mitchell. Tendering for street-by-street or area-by-area contracts to make homes energy efficient is cost effective, but crucially creates a mechanism for new companies to enter the market, thereby potentially diluting the dominance of the current energy companies. At the moment it is simply not in the interests of the handful of dominant energy companies and their shareholders to dramatically transform the energy system, by increasing the energy efficiency of buildings and undermining future sales and profits. Only when the government confronts head-on the interests in maintaining the system largely as it is, will the energy system change. (25)

### **Impact on Renewables**

Under these proposals the current system of support for renewable electricity will be phased out. The “renewables obligation” will be replaced by a mechanism to support all forms of low-carbon generation, which will for the first time set minimum price levels for big renewable energy projects. The winding down is likely to unsettle investors. Mr Huhne will announce a consultation on feed-in tariffs (Fits) – a measure that until now had applied only to schemes of up to 5MW. Under the current scheme, renewable energy providers are awarded certificates for the power they generate, which are then bought by electricity utilities to fulfill their obligation to produce a certain proportion of energy from renewable sources. Renewable UK, formerly the British Wind Energy Association, said there was no need to phase out renewable obligation certificates, and gave warning that “*this is going to lead to short-term uncertainty and so could affect investor confidence*”. (26) Dr. Gordon Edge, Renewable UK Director of Policy, said:

*"...we must also bear in mind that the Renewables Obligation has turned the UK into an offshore wind powerhouse, and brought forward 20,000 megawatts of applications onshore. We shouldn't be looking to solve a problem that doesn't exist, or take a leap in the dark which might undermine investment."* (27)

These proposals may well emasculate the UK offshore renewables programme, says David Toke, Senior Lecturer in Energy Policy at Birmingham University. The Renewables Obligation currently gives good incentives to offshore wind and (with the help of the Scottish Government), to wave and tidal stream power. The Government's 'low carbon mechanism' which will fund nuclear power stations alongside renewables, means the major electricity companies may divert funds from renewables into nuclear power. There is only a certain amount of investment capital available, so renewable energy will be in competition with nuclear power for subsidies from electricity consumers. The Government will have to give all sorts of guarantees to nuclear to make it work, so funds could well be diverted from renewable projects. Toke believes there is a danger many Round 3 offshore wind projects will be scrapped and any hope of funding wave and tidal stream projects will be over.

It will be a return to the 1990s Tory Non-fossil fuel obligation (NFFO) style contract auctioning system likely to deliver a lot less than half the previous (Labour) Government's target of 33 GW of offshore wind by 2020. In the 1990s the auctions for renewable energy contracts took years to organize. Half of the projects that made successful contract bids proved to be uneconomic and half of the rest did not get planning consent - so only around one in four proposed projects could be implemented.

It is claimed that things will be different this time, but the renewable auction system has been tried several times around the world for renewables (UK, Ireland, California, and Denmark under the post 2001 right wing government) and low capacity out turns are always the result. Let us not lose ten years finding out it that it is the same yet again. The Renewables Obligation (RO) (although expensive) is much preferable, but what we really need is a REAL feed-in tariff system like they have in the bulk of EU countries (led by Germany) which gives a more cost effective outcome for the electricity consumer. The German feed-in tariff is a highly transparent system which gives 20 year contracts guaranteeing good standard prices to be paid for renewable energy generators that are tailored for different technologies. (28)

Scottish First Minister, Alex Salmond, has warned against subsidising nuclear power. He says the proposed market reforms could jeopardise funding for the renewable technologies where Scotland aims to become pre-eminent. *"It could see support mechanisms for nuclear generation in England at the expense of renewable energy sources and CCS (carbon capture and storage) in Scotland."* (29)

The Scottish Government will lose its powers to give extra incentives to wave and tidal stream under the Scottish Renewables Obligation. Wave and tidal stream technologies are unlikely to be offered anything like what they can get now. There are now promising wave and tidal stream technologies organized by companies such as Aquamarine and Marine Current Turbines, but their chances of becoming fully commercialized will be much reduced if the Scottish Renewables Obligation incentives are removed.

WWF Scotland said *"It would be a huge step backwards if this market reform exercise offers a public subsidy to such a mature, expensive and unsustainable technology as nuclear power, at the expense of securing the lasting benefits from a renewable energy industry. The incentive scheme that emerges from this review must ensure that Scotland retains the option to offer targeted support to emerging renewable technologies, particular wave and tidal power that have such potential off Scotland's coasts. With our huge indigenous potential in wind, wave and tidal power Scotland would be mad to install French nuclear reactors and fuel them with Australian uranium. But that is exactly where these new government proposals could take us."*

- (1) Telegraph 16<sup>th</sup> December 2010 <http://www.telegraph.co.uk/finance/newsbysector/energy/8204683/UK-government-agrees-to-subsidise-nuclear-power-companies-prices.html>
- (2) Business Green 16th Dec 2010 <http://www.businessgreen.com/bg/news/1933114/huhne-reforms-low-carbon-dominant-force-energy-mix>
- (3) HM Treasury 16<sup>th</sup> Dec 2010 [http://www.hm-treasury.gov.uk/consult\\_carbon\\_price\\_support.htm](http://www.hm-treasury.gov.uk/consult_carbon_price_support.htm)
- (4) DECC consultation on Electricity Market Reform, 16<sup>th</sup> Dec 2010 <http://www.decc.gov.uk/en/content/cms/consultations/emr/emr.aspx>
- (5) FT 17th December 2010 <http://blogs.ft.com/westminster/2010/12/huhne-under-pressure-over-his-definition-of-nuclear-subsidy/>
- (6) Telegraph 16<sup>th</sup> Dec 2010 <http://www.telegraph.co.uk/finance/comment/damianreece/8204901/Energy-reform-is-a-burning-issue-and-the-nuclear-fallout-will-be-higher-bills.html>
- (7) 24 Dash 10<sup>th</sup> Dec 2010 [http://www.24dash.com/blogs/jonathon\\_porritt/2010/12/10/-No-subsidy-for-Nuclear/](http://www.24dash.com/blogs/jonathon_porritt/2010/12/10/-No-subsidy-for-Nuclear/)
- (8) Telegraph 13<sup>th</sup> Nov 2010 <http://www.telegraph.co.uk/finance/newsbysector/energy/8131174/Government-blinks-first-in-UKs-nuclear-stand-off.html>



- (9) Forum for the Future 7<sup>th</sup> Dec 2010 <http://www.forumforthefuture.org/blog/chris-huhnes-nuclear-test>
- (10) Business Green 17<sup>th</sup> Dec 2010 <http://www.businessgreen.com/bg/james-blog/1933425/energy-bills-rise-gbp500-low-carbon-plans>
- (11) Fuel Poverty: Government Response to the Committee's 5<sup>th</sup> Report, Energy and Climate Change Committee, 19<sup>th</sup> October 2010  
<http://www.publications.parliament.uk/pa/cm201011/cmselect/cmenergy/541/541.pdf>
- (12) Telegraph 16<sup>th</sup> Dec 2010 <http://www.telegraph.co.uk/earth/energy/8205123/500-on-electricity-bills-to-pay-for-green-energy.html>
- (13) Express 17<sup>th</sup> Dec 2010 <http://www.express.co.uk/ourcomments/view/217831/The-coalition-s-energy-policy-is-a-national-scandal>
- (14) See The All Electric Future, NuClear News No.24  
<http://www.no2nuclearpower.org.uk/nuclearnews/NuClearNewsNo24.pdf>
- (15) Daily Mail 18<sup>th</sup> December 2010 <http://www.dailymail.co.uk/money/article-1339771/Fuel-poverty-hit-5-5m-homes-Coalitions-green-energy-bill.html#ixzz18eLjPmQU>
- (16) BBC 16<sup>th</sup> Dec 2010  
[http://www.bbc.co.uk/blogs/thereporters/robertpeston/2010/12/treasury\\_figures\\_show\\_poor\\_hit.html](http://www.bbc.co.uk/blogs/thereporters/robertpeston/2010/12/treasury_figures_show_poor_hit.html)
- (17) Herald 17<sup>th</sup> Dec 2010 and front page of the Metro <http://www.heraldscotland.com/news/home-news/vulnerable-go-without-food-to-pay-for-rising-fuel-bills-1.1075018>
- (18) See ref (11)
- (19) Guardian 8<sup>th</sup> Dec 2010 <http://www.guardian.co.uk/environment/2010/dec/08/green-deal-energy-efficient-homes>
- (20) Guardian 16<sup>th</sup> December 2010 <http://www.guardian.co.uk/commentisfree/cif-green/2009/dec/16/cameron-green-deal-energy-efficiency?INTCMP=SRCH>
- (21) Guardian 24<sup>th</sup> November 2010 <http://www.guardian.co.uk/environment/cif-green/2010/nov/24/green-deal-is-not-a-good-deal?INTCMP=SRCH>
- (22) BRE October 2009  
[http://downloads.theccc.org.uk/Rising%20block%20tariffs%20and%20fuel%20poverty\\_051009FINAL.pdf](http://downloads.theccc.org.uk/Rising%20block%20tariffs%20and%20fuel%20poverty_051009FINAL.pdf)
- (23) See ref (20)
- (24) ACE, 4<sup>th</sup> November 2010, [http://www.ukace.org/publications/ACE%20Warren%20Report%20\(2010-11-12\)%20-%20Is%20this%20Green%20Deal%20the%20start%20of%20a%20revolution.pdf](http://www.ukace.org/publications/ACE%20Warren%20Report%20(2010-11-12)%20-%20Is%20this%20Green%20Deal%20the%20start%20of%20a%20revolution.pdf)
- (25) Guardian 13<sup>th</sup> December 2010  
<http://www.guardian.co.uk/environment/cif-green/2010/dec/13/uk-energy-efficiency-green-deal>
- (26) FT 15<sup>th</sup> December 2010 <http://www.ft.com/cms/s/0/a0563f78-088f-11e0-80d9-00144feabdc0.html#axzz18koh1hlg>
- (27) Renewable UK Press Release 16<sup>th</sup> December 2010  
<http://www.bwea.com/media/news/articles/pr20101216.html>
- (28) Campaign for Real Feed-in Tariffs, 19<sup>th</sup> December 2010 <http://realfeed-intariffs.blogspot.com/>
- (29) Scotsman 17<sup>th</sup> December 2010 <http://thescotsman.scotsman.com/news/Energy-shakeup-39threatens39-Scots39-ambitions.6663465.jp>

## 2. EDF Energy announces life extensions

Paul Flynn MP asks “*Has EDF conned the Government?*” The trouble with the proposed low-carbon incentives is that the immediate big financial winners will be the owners of existing nuclear power stations. The subsidies will also provide a huge financial incentive to extend the life old reactors to the limit. It would be hugely ironic if EDF ultimately decides new nuclear is too expensive to build, but they end up creaming it with their old power stations. (1)

The day after the Electricity Market Reforms consultation were launched, EDF Energy took the opportunity at an investors meeting in London to announce five-year extensions to the operational lives of four of its Advanced Gas-cooled Reactors (AGRs) - two at Heysham 1 and two at Hartlepool. The units all started up in mid-1983 and are now set for shutdown in 2019. EDF says it wants to extend the life of all its 14 AGRs by an average of five years, which it said would avoid the need for about 4000 MWe in new power plant before 2018. It is preparing its pressurized water reactor, Sizewell B, for a 20-year extension. Starting up in 1995, the unit had been planned to close in 2035

after a 40-year accounting lifespan. This is now likely to be boosted to see the reactor operate into the middle of this century subject to periodic safety reviews, the next of which comes in 2015. (2)

- (1) Paul Flynn MP 18<sup>th</sup> December 2010 [http://paulflynnmp.typepad.com/my\\_weblog/2010/12/entente-double-cross.html](http://paulflynnmp.typepad.com/my_weblog/2010/12/entente-double-cross.html)
- (2) World Nuclear News 17<sup>th</sup> December 2010 [http://www.world-nuclear-news.org/RS\\_Consent\\_for\\_longer\\_operation\\_1712101.html](http://www.world-nuclear-news.org/RS_Consent_for_longer_operation_1712101.html)

### 3. Power of Scotland Secured

Scotland could phase out all conventional thermal power by 2030, maintain a secure electricity supply and generate revenue from renewable exports, according to new research by one of the world's leading energy consultants, Garrad Hassan. "The Power of Scotland Secured", (1) published by Friends of the Earth with backing from RSPB and WWF, sets out how Scotland could guarantee security of supply, while decarbonising half its total energy needs by 2030.

Friends of the Earth Scotland Chief Executive Duncan McLaren said: "*We already know that renewables can grow to comfortably exceed our electricity demand by 2020. (2) What this report shows is that, contrary to popular myth, the variability of renewable power need not pose a threat to the reliability of our supply in Scotland. The transmission infrastructure required to keep the lights on at times of low renewables output will be easily justified by the value of exports which it will make possible at times of high output. Costs to consumers are unlikely to exceed those in other future scenarios.*"

The report discusses the extensive use of electricity for heating, and it is assumed – in line with existing Scottish government targets - that just 11% of heat demand will be met by renewable sources by 2020, increasing to 40% by 2030. Using electric heat pumps to contribute to the renewable heat target would increase Scottish gross electricity consumption in 2030 by about 14% and would cut carbon emissions from heat by up to 60%. Electricity from heat pumps would be deferrable over periods of hours, thus helping manage daily peak demand. Given improved levels of insulation in line with energy saving targets, in winter there could be at least several hundred megawatts of deferrable electric heating demand in Scottish homes. However, unlike UK Government proposals which foresee the total electrification of heat by 2030 (3) this report discusses the role of anaerobic digestion, which the National Grid company says could provide almost half of UK domestic gas demand, and combined heat and power.

- (1) The Power of Scotland Secured, report & summary, December 2010 [http://www.nuclearpolicy.info/docs/briefings/A191\\_\(NB76\)\\_Scotland\\_and\\_renewables.pdf](http://www.nuclearpolicy.info/docs/briefings/A191_(NB76)_Scotland_and_renewables.pdf)
- (2) See for example Nuclear Free Local Authorities Briefing: Scotland's electricity needs, can they be met from renewable without recourse to nuclear? July 2010. [http://www.nuclearpolicy.info/docs/briefings/A191\\_\(NB76\)\\_Scotland\\_and\\_renewables.pdf](http://www.nuclearpolicy.info/docs/briefings/A191_(NB76)_Scotland_and_renewables.pdf)
- (3) See The All Electric Future, NuClear News No.24 <http://www.no2nuclearpower.org.uk/nuclearnews/NuClearNewsNo24.pdf>

### 4. New Build Waste Consultation

The Environment Agency has published a summary of the responses to its consultation on the Generic Design Assessment for EPR and AP1000 reactors. (1) The Agency says the responses are now being carefully considered. The reports do not analyse or comment on the responses – this will be done in the Decision Document which is expected to be published in June 2011.

Here's a snapshot of some of the summarised responses. The Swedish NGO Office for Nuclear Waste Review, MKG, says:

*“I strongly question the new-build of nuclear reactors without having a final solution available for the disposal of the spent nuclear fuel. The NDA appears to try to build some confidence on the possible use of the Swedish/Finnish KBS method in the UK. However, the KBS method, that relies on artificial barriers of copper and clay for long-term safety, is under severe scientific criticism and it is uncertain whether the method will survive the licensing process in Sweden that is to start next year. It appears very unsound to proceed with new build without any other spent fuel strategy than long-term intermediate storage. This mistake has already been done in the 20th century and should not be repeated. Has nothing been learnt from history?”*

The Nuclear-Free Local Authorities (NFLA):

*“...fears that the communities that host a new reactor site could easily end up becoming a dump site into the indefinite future - since there is no known safe method for ~disposing' of nuclear wastes. On top of this there would be risks associated with waste handling facilities and as yet unknown risks along potential transport routes.” (2)*

The Blackwater Against New Nuclear group complains that the methodology for the management of higher activity waste (including spent fuel) on site has not been specified. People Against Wylfa B (PAWB) similarly ask why the documents fail to explain to the ten communities around potential nuclear sites how nuclear waste will be stored on site or whether potential nuclear sites would require a waste encapsulation plant, and whether the waste would be disposable in a geological disposal facility with an adequate safety case.

The Welsh Assembly Government expresses concern regarding the on-site storage of spent fuel for up to 160 years before geological disposal. Communities Against Nuclear Expansion says we cannot leave large parts of our nuclear energy programme undecided just to suit timescales set artificially by government under pressure from the nuclear industry. A number of documents which are critical to the assessment of nuclear new build are incomplete or subject to further consideration.

Nuclear Waste Advisory Associates conclude that:

*“The consultation documents fail to acknowledge other work by the EA which states that it is possible that an acceptable safety case for a GDF cannot be made. At present it is quite apparent the nuclear industry would not be able to dispose of new build reactor wastes safely. It would be wholly irresponsible to wait until such wastes are created to confirm this. Unless and until the nuclear industry are able to demonstrate that new reactor wastes could be disposed of safely there should be no further steps taken towards the development of new reactors.”*

Shepperdine Against Nuclear Energy agrees that until it can be properly demonstrated that these wastes can be disposed of safely there should be no further steps taken towards the development of new reactors. *“To do otherwise will, by default, impose the storage of this waste on the communities affected - a potentially hazardous situation which will last for an indefinite period that could run into many generations. It is completely unacceptable to expect the communities to store this waste on site without a certain and safe plan for both its long term disposal and transportation, supported by a definite time scale for its provision and allocated funding in place. Furthermore it strikes us as foolhardy to envisage storing nuclear waste at all within a high level risk flood zone and we are at a loss to understand how the EA can even consider this suitable.”*

NuLeaf (The Nuclear Legacy Advisory Forum) points out that although the Government would like a single site for a Geological Disposal Facility, a range of risks and uncertainties may prevent this. For example, the capacity of suitable host rock at a preferred site may not be sufficient for new build spent fuel, or the volunteer communities may not agree to the disposal of new build spent fuel. It is arguable that the GDA process should explicitly address the implications of these potential scenarios for the interim management of spent fuel.



The Committee on Medical Aspects of Radiation in the Environment says given that these reactors will be part of a new generation of plants, it might be expected that discharges would be lower than existing facilities, rather than 'within the range of historic discharges' which seems to be the criterion being applied by EA. Both documents claim the impact of tritium discharges is low, yet the recent AGIR report, supported by COMARE, suggests that current dose estimates are low by a factor of 2 for tritiated water and by a higher factor for organic forms. For both submissions, the levels of tritium and carbon-14 emissions are relatively high; the latter in particular appears to dominate the off-site doses.

Stop Hinkley raises the issue of tritium discharges, expected to be a massive 0.16 TBq per day from an EPR. As the EPRs are expected to be built in pairs then this figure is doubled in practice but should be added to discharges from neighbouring plants such as Hinkley B, subject to a likely life extension by EdF or Sizewell B. In the Bristol Channel Amersham International also discharges big volumes of tritiated water, considered more dangerous than tritium in gas form. The group disagrees with the conclusion that tritium has a low impact and believes abatement techniques should be applied.

- (1) See <https://consult.environment-agency.gov.uk/portal/ho/nuclear/gda>
- (2) NFLA response <http://www.nuclearpolicy.info/docs/consultations/NUCLEAR-FREE LOCAL AUTHORITIES response to EA GDA consultation.pdf>
- (3) NWAA response [http://www.nuclearwasteadvisory.co.uk/uploads/8795NWAASubmissiononEANewBuildWasteConsultation\[final\].pdf](http://www.nuclearwasteadvisory.co.uk/uploads/8795NWAASubmissiononEANewBuildWasteConsultation[final].pdf)

## 5. Waste Disposal Costs Fixed

The nuclear industry has lobbied hard to fix the level of fees new reactors might be forced to bear for waste disposal. The Government's re-launched Fixed Unit Price consultation has now confirmed plans to cap the industry's liability for each new station's waste at about £1bn, according to *The Telegraph*. The Government insists the cap will be enough to cover three times the current estimated cost of waste disposal, plus a little extra as a risk premium. (1)

It also insisted that it has managed to spread the risk of getting rid of nuclear waste "without subsidy" from the taxpayer. However, it also admits that the future cost of disposing of waste in decades to come is very uncertain. The nuclear industry has stressed it will not be able to build new reactors without the certainty of fixed waste fees. The proposed fees will also force energy companies to pay towards a specialised underground geological disposal facility in which to bury the waste.

*"Given that the UK has been proposing a geological waste repository since the 1970s it is a long way from certain that the final costs of disposal won't exceed the 'three times current cost estimates' that the power companies' liabilities will be capped at,"* said CND general secretary Kate Hudson. The government plans to charge an additional 'risk fee' to compensate the taxpayer for the risk of setting a fixed, capped price. (2)

The Government re-launched the consultations into the Funded Decommissioning Programme and the Fixed Unit Price on 7<sup>th</sup> December. The consultations close on 8<sup>th</sup> March 2010 (3)

- (1) Telegraph 8<sup>th</sup> December 2010 <http://www.telegraph.co.uk/finance/newsbysector/energy/8187222/UK-taxpayers-face-unlimited-nuclear-waste-bills-if-costs-spiral.html>
- (2) Ecologist 9th December 2010 [http://www.theecologist.org/News/news\\_round\\_up/691916/taxpayers\\_could\\_bankroll\\_nuclear\\_cleanup\\_under\\_new\\_government\\_plans.html](http://www.theecologist.org/News/news_round_up/691916/taxpayers_could_bankroll_nuclear_cleanup_under_new_government_plans.html)
- (3) See Funded Decommissioning Programme Re-Consultation, NuClear News No.24 <http://www.no2nuclearpower.org.uk/nuclearnews/NuClearNewsNo24.pdf> and Platts 7<sup>th</sup> December 2010 <http://www.platts.com/RSSFeedDetailedNews/RSSFeed/ElectricPower/8266651>

## 6. View on the Ground

The NuGeneration (NuGen) consortium, which is owned by Scottish Power owners, Iberdrola (37.5%); Scottish and Southern Energy (25%) and French company GDF Suez (37.5%), (1) has announced that it will decide in 2015 whether or not to build 3.6 gigawatts of new nuclear power generation on land it has bought just north of Sellafield. (2) If built, the reactors could be the closest thing we will get to new Scottish reactors.

- (1) Press and Journal 30<sup>th</sup> November 2010 <http://www.pressandjournal.co.uk/Article.aspx/2031832?UserKey&UserKey>
- (2) Cumberland News 30<sup>th</sup> November 2010 <http://www.cumberlandnews.co.uk/new-nuclear-power-plant-could-open-near-sellafield-in-2023-1.785383?referrerPath=business>

A survey has found that three quarters of people would rather see Anglesey jobs in alternative or renewable energy. PAWB (People Against Wylfa B) said the survey showed islanders were still 'sceptical' about plans for more reactors at Wylfa. (1) The survey was carried out by the Department of Social Sciences at Bangor University. Over a period of years, local politicians have led the local population to believe that building Wylfa B was the only solution to energy requirements and job creation on the island. Now the survey, a representative sample of 500 residents, found that despite Horizon Nuclear's recent high-level publicity campaign, nuclear power is not in the top three when it comes to the public's preferred means of energy production. It appears behind solar (55%), wave (53%) and wind power (47%).

- (1) BBC 30<sup>th</sup> November 2010 <http://www.bbc.co.uk/news/uk-wales-north-west-wales-11876211>
- (2) Wales Home 17th Dec 2010 <http://waleshome.org/2010/12/energy-survey-shows-little-public-appetite-for-new-nuclear-build/>

The Scottish and UK Governments have launched a consultation on a proposal for waste substitution for the radioactive waste arising from historic fuel reprocessing contracts with overseas customers at Dounreay. Instead of returning customers their radioactive waste at Dounreay, the proposal is to send a radiologically equivalent amount of radioactive waste from a different waste stream –including vitrified waste at Sellafield. The Consultation closes on 11<sup>th</sup> March 2010.

- (1) Scottish Government December 2010 <http://www.scotland.gov.uk/Publications/2010/12/03093403/0>

## 7. National Policy Statement Consultation - Parliamentary Scrutiny and Consultation Meetings

Last month's article on the National Policy Statements (NPS) Re-Consultation has been extensively revised to provide more counter arguments to those put forward by the Government rather than just summarising the changes made. The revised briefing has been published by the Nuclear Free Local Authorities (NFLA) as it New Nuclear Monitor No.23 (1)

The NFLA has also published a paper by marine consultant Tim Deere-Jones, which looks at the cumulative impact of radioactive discharges from ten potential new reactors sited on the Irish Sea Coast. (2)

At a consultation meeting in London on 2<sup>nd</sup> December, it became clear that Friends of the Earth and the RSPB are still disappointed with the revised Appraisals of Sustainability that accompany the NPSs. Both of the NGOs were hoping that the Infrastructure Planning Commission (IPC) would never make any decisions, but unless the government uses its 'call in' powers, it will make decisions between the time that the first NPSs are ratified ('designated'), probably in spring 2011 and April

2012, when the IPC will be abolished. Thus any applications made so far, until about April 2011 will probably get decided by the IPC.

The need for energy infrastructure was described as 'significant' in the first draft of EN-1 and is now described as 'urgent' in the revised draft. This was deliberate. The Nuclear NPS discussion focused on siting on the coast given potential sea level rises, and the disposal of waste. The Fixed Unit Price consultation was described by one attendee as “*a consultation on how much of the cost of disposal of nuclear waste should be borne by the nuclear power companies, and how much by the government*”.

Meanwhile the House of Commons Energy and Climate Change Committee decided it would have more than one evidence session after all. The Big Six Energy Companies gave evidence on 7<sup>th</sup> December (2) and on 14<sup>th</sup> December evidence was given by, amongst others, Simon Bullock, of Friends of the Earth, Simon Marsh, and Dr Ivan Scrase at RSPB, and Peter Atherton, Investment Advisor, at Citibank. (3)

Tory MP, Dan Byles asked whether there was the investment appetite for the 16 GW by 2025 of new nuclear reactors mentioned by Energy Minister Charles Hendy. Peter Atherton an investment advisor at Citibank replied:

*“...the straightforward answer is no. It is extraordinarily unlikely and extraordinarily challenging. Equity investment in nuclear in the UK poses tremendous challenges. There are five really big risks: planning, construction, power price, operation and decommissioning. On construction, it is going to be extraordinarily difficult to get non-recourse debt into new nuclear in the UK. That basically means that it all has to be done on balance sheet. On the type of risk, if you get a Flamanville or a TVO-type overrunning costs and time, that could wipe out your entire equity investment in the project. Nobody has ever built a merchant nuclear station in the world for very good reasons, because nobody is insane enough to do it. The industry has said to the UK Government, ‘We aren’t going to do it’ which is why they are asking for carbon price floors, capacity payments and so on. What is that about? It is transferring risk from the developer to the consumer in that case.”*

The Committee asked why the environment organisations complained of the blind faith of the government that a solution would be found to long-term nuclear waste disposal, while they themselves had blind faith that carbon capture and storage (CCS) at a commercial scale would be able to be developed in the next four years. Their non-nuclear strategy was based on greater efficiency, decentralisation, renewables, more investment in storage and interconnection with other countries. If CCS wasn't realised, Simon Bullock conceded that on top of some unabated (i.e. non-CCS) gas, nuclear might be the only option to fill the gap between projected demand and supply. (4)

Peter Atherton gave the comparative cost of each electricity-producing technology assuming a 15% 'cost of capital': gas £60/MWh, coal £80, onshore wind £80, nuclear £93 and offshore wind £150. The Energy and Climate Change Select Committee now has until 17<sup>th</sup> January to publish its report on the revised NPSs. The House of Lords will consider the first five revised energy NPSs in a Grand Committee session on 11<sup>th</sup> January, and the sixth (the Nuclear Power NPS) in a session on 13<sup>th</sup> January.

- (1) See [http://www.nuclearpolicy.info/docs/nuclearmonitor/NFLA\\_New\\_Nuclear\\_Monitor\\_No23.pdf](http://www.nuclearpolicy.info/docs/nuclearmonitor/NFLA_New_Nuclear_Monitor_No23.pdf)
- (2) See [http://www.nuclearpolicy.info/docs/nuclearmonitor/NFLA\\_New\\_Nuclear\\_Monitor\\_No22.pdf](http://www.nuclearpolicy.info/docs/nuclearmonitor/NFLA_New_Nuclear_Monitor_No22.pdf)
- (3) Bircham Dyson Bell 6th Dec 2010 <http://www.bdb-law.co.uk/blog/anguswalker/194-sparks-amid-snow-energy-nps-public-consultation-event>
- (4) Energy and Climate Change Committee Uncorrected Evidence 7<sup>th</sup> December 2010 <http://www.publications.parliament.uk/pa/cm201011/cmselect/cmenergy/uc670/uc67001.htm>
- (5) Energy and Climate Change Committee Uncorrected Evidence 14<sup>th</sup> December 2010 <http://www.publications.parliament.uk/pa/cm201011/cmselect/cmenergy/uc648-ii/uc64801.htm>

- (6) Bircham Dyson Bell 17<sup>th</sup> Dec 2010 <http://www.bdb-law.co.uk/blog/anguswalker/199-more-energy-nps-scrutiny-plus-localism-bill-news>

## 8. The Localism Bill

The Localism Bill was published on 13<sup>th</sup> December. It includes a chapter on ‘nationally significant infrastructure projects’ (NSIPs). The Bill amends the regime for authorising NSIPs introduced by the Planning Act 2008. The government is essentially introducing its two manifesto pledges - to reinstate approval of applications by the Secretary of State, and to require Parliamentary approval of National Policy Statements (NPSs) - and addressing some (but not all) of the gaps and anomalies that have been discovered since the Planning Act came into force. Clause 107 abolishes the IPC. All the references to it are removed from the Planning Act by the provisions of Schedule 13. This is mostly done by substituting references to ‘the Commission’ with ‘the Secretary of State’. Clause 109 introduces Parliamentary approval of NPSs. Two new sections are added to the Planning Act - one allows the Secretary of State to publish new drafts of NPSs without having to comply with the full consultation process if the drafts haven’t changed much; and the other allows the period for Parliamentary approval of NPSs to be extended by up to 21 days at a time. (1)

The renewable energy industry has predicted the Localism Bill will present fresh challenges and opportunities to the fast-expanding sector. The bill looks set to have a major impact on renewable energy projects as councils, communities and individuals are permitted a much greater say in planning decisions, raising the prospect of more intense battles between developers and local groups opposed to projects such as wind farms. (2)

The Infrastructure Planning Commission (IPC) will be transformed into the Major Infrastructure Planning Unit (MIPU) in April 2012. The MIPU will only make recommendations to the government.

- (1) Bircham Dyson Bell 14<sup>th</sup> December 2010 <http://www.bdb-law.co.uk/blog/anguswalker/199-more-energy-nps-scrutiny-plus-localism-bill-news>  
(2) Business Green 14<sup>th</sup> December 2010 <http://www.businessgreen.com/bg/news/1932205/localism-promises-planning-revolution-raises-fresh-nimby-fears>

## 9. Anti Terror Review

An anti-terrorism review is under way at Britain’s nuclear power stations after the discovery of security weaknesses at Sellafield. Scotland Yard’s Counter-terrorism Command and MI5, which operates the Centre for the Protection of National Infrastructure, have been consulted during the review process. It is understood that ministers were so concerned about the potential security weakness at Sellafield that they demanded that the review be widened. One source described it as “an extremely sensitive piece of work”. Details of what sparked the review have not been disclosed but security sources denied that there had been any breach at Sellafield by intruders. (1) Sellafield insisted there had been no security failure. (2)

- (1) Times 15<sup>th</sup> December 2010 <http://www.thetimes.co.uk/tto/news/uk/article2844781.ece>  
(2) Whitehaven News 15th December 2010 <http://www.whitehaven-news.co.uk/news/no-security-breach-sellafield-insists-1.791073?referrerPath=news>