



Newsletter July 2017

National Audit Office issues devastating critique of Hinkley Point C deal

Stop Hinkley Press Release, 23 June

Commenting on today's report by the National Audit Office Stop Hinkley Spokesperson Roy Pumfrey said: "This is a pretty devastating critique of the deal struck between the Government and EDF Energy on Hinkley Point C. Consumers would be locked into a risky and expensive project with uncertain strategic and economic benefits, according to the National Audit Office, and the government's case for the project has weakened since the deal was agreed in 2013."

Earlier this week the Financial Times highlighted the continuing fall in the costs of renewables saying they would allow the government to escape from the plans imposed by George Osborne in 2013 for a wave of expensive new nuclear plants.

The CEO of one of the UK's top utilities, SSE, said Hinkley Point C will probably be the only new nuclear station to go ahead, and only then if Flamanville in Normandy – which is the same reactor-type as Hinkley Point C - goes well from now on. He said Britain does not need Hinkley Point C to ensure the lights will stay on.

Bloomberg New Energy Finance reports that solar power is becoming so cheap that it will push coal and even natural-gas plants out of business faster than previously forecast. The cost of offshore wind farms, until recently the most expensive mainstream renewable technology, will slide 71% making the technology another competitive form of low carbon generation.

According to the FT "Nobody outside the industry now thinks the future of electricity generation is nuclear fission". And it said scrapping Hinkley Point would be a good way to start sorting out the mess of UK energy policy.

Roy Pumfrey said "It is pretty damning when your independent arbiter of what represents good value for money gives a big infrastructure project like this the thumbs down"

He continued: "It's not too late to scrap this backward-looking, expensive and dangerous project. The Government's ill-advised obsession

with nuclear is locking consumers into 35-years of paying for expensive electricity to say nothing of the thousands of years of stewardship needed for the waste. It should instead stop trying to kill off the renewable industry which promises to cut electricity prices and embrace the future. Somerset needs to be allowed to get on with developing a cheaper green energy strategy for the coming decades"

<http://stophinkley.org/pressrepage.htm>

Hinkley Point C: the government should start planning alternatives

Guardian, 3 July

EDF has admitted the nuclear project is £1.5bn over budget – we shouldn't be bullied into paying more

Hinkley Point C in Somerset will cost £1.5bn more than planned, says developer EDF, and completion could be delayed by 15 months beyond the 2025 target date. In one sense, this news lacks any element of surprise. EDF only seems to build nuclear reactors that are late and over-budget, as witnessed in Finland and on its own patch at Flamanville in Normandy.

Yet the timing of EDF's "clarifications" is a shock. It is very early in the life of this £18.1bn (now £19.6bn, possibly rising to £20.3bn) project to be recasting the numbers. The tricky stages of construction, like pouring the right mix of concrete, lie ahead. The additional costs relate to mundane matters, such as "a better understanding" of UK regulators' requirements and "the volume and sequencing of work on site".

These are planning areas in which EDF would surely have made allowances for uncertainties. That all that slack, and more, has been used up is

puzzling. Sceptics within EDF who argued that Hinkley is too big and too financially risky will feel vindicated already. EDF's projected rate of return on the project was never high at 9%; now it is down to 8.5% and will fall to 8.2% if the delays materialise.

Still, it's a French problem, right? Didn't the UK government insulate us by making EDF and its Chinese co-financier shoulder the construction risks? Wasn't that the trade-off for the UK guaranteeing to buy all Hinkley's electricity for 35 years at twice the current wholesale price?

Well, yes, that's how the contract is structured, and EDF's UK boss was full of reassurance on Monday that UK taxpayers remain protected. But no contract of this size is ever so straightforward, as the National Audit Office pointed out in its blistering report last week.

"If the HPC [Hinkley Point C] project or developer runs into difficulties, the UK government could come under pressure to provide more support or take on additional risk, particularly given HPC's potential importance to ensuring energy security," said the NAO.

That dire circumstance remains some way off, but it can't be ignored. What if real engineering problems follow? What if EDF's projected returns fall to 7%, which would be closer to the company's cost of capital? Would EDF seek better terms knowing that Hinkley is scheduled to provide 7% of our electricity?

"The [UK] government will hold a stronger negotiating position if it maintains alternative ways of ensuring energy security if HPC runs late or is not completed," said the NAO. That advice was sound last week, now it looks prescient.

It is bad enough that UK consumers are locked into this "expensive and risky" project, as the NAO called Hinkley. It would be calamitous if we end up being bullied into paying more. Ministers need to draw up a proper contingency plan – starting now.

Ofgem plan shows May's 'help for millions' is off the boil

This is how political U-turns are performed in the energy sector – not with a visible yank on the steering wheel but with some vague words from the secretary of state designed to disguise the manoeuvre in hand.

As Ofgem announced a limited price cap that will apply only to yet-to-be-defined "vulnerable" customers, the business and energy secretary, Greg Clark, attempted to suggest the government could yet go further. "I will consider next steps

when I have received Ofgem's proposed actions," he declared.

Next steps? Clark, like everyone else, can see that the gap between Ofgem's proposal and Theresa May's promise of a universal price cap is huge. It won't be closed by a few steps. Ofgem's proposed "safeguard tariff" is modest and targeted, probably at households that qualify for warm home discounts. May's idea would have overthrown the entire regulatory philosophy of the past 20 years.

What Clark is really looking forward to seeing, one suspects, is everybody forgetting that the prime minister once promised to "protect around 17 million families on standard variable tariffs" by knocking £100 off their energy bills every year.

Don't blame Ofgem, incidentally, for declining to live up to the Conservative party's election hype. The regulator has technical powers to propose a universal price cap, but it also knows that such a muscular approach would invite an appeal by the energy suppliers to the Competition and Markets Authority. Since the CMA last year rejected a full price cap, the appeal would probably succeed.

Parliament, in other words, is the only body that can make a universal cap stick. Clark's wishy-washy response suggests the idea is virtually dead for now, killed by resistance from those Tory MPs who viewed the proposal as anti-market. Shares in Centrica, owner of British Gas, rose nearly 2%. Investors can see the political U-turn happening.

<https://www.theguardian.com/business/nils-pratley-on-finance/2017/jul/03/ofgem-energy-price-cap-shows-mays-help-for-millions-is-off-the-boil#img-1>

Commenting on the news that the estimated cost for Hinkley Point C has increased by £1.5bn and there is likely to be a 15 month delay, Stop Hinkley Spokesperson Roy Pumfrey said:

"With the cost now virtually at £20bn, if Hinkley Point C goes ahead it will almost certainly be the most expensive human-made object on the planet. This is silly money. Four years ago city analysts were flabbergasted. Today they will have simply run out of superlatives. It is way past the time EDF Energy should have put a stop to this crazy project. It needs to end this today before it wastes any more consumers' and taxpayers' money. There are plenty of cheaper alternatives. Even offshore wind, which a few years ago was thought to be one of the most expensive technologies, is now expected to be 25% cheaper".

Thorium Reactor?

Response to a recent enquiry we thought worth sharing as we often get comments about Thorium reactors being a better alternative to current nuclear reactors.

In the 1950's governments started research into using both Thorium and Uranium reactors, but they chose to use uranium because it supplied the fuels needed for nuclear bombs, plutonium and enriched uranium - and that's when the massive government subsidies began.

The world's nuclear industry of 400+ reactors are built around a vast infrastructure for the mining, fuel production and generation of uranium. They are only now starting to look at decommissioning and the problems of storing radioactive waste for thousands of years.

A whole new infrastructure would have to be built up for Thorium. Thorium reactors are a distant dream of scientists and politicians, decades away from commercial reality. They still have the key problems of generating by nuclear, long term nuclear waste, security from terrorists, centralised power control, and massive government taxpayer's subsidies.

Read the following link,

<http://www.no2nuclearpower.org.uk/nuclearnews/NuClearNewsNo33.pdf> . The last article in the Nuclear News No.33 has lots of information about the problems of trying to use Thorium. By the time a first reactor could be built the renewable energy revolution will already be producing most of the world's electricity much more cheaply and quickly without the problems of dealing with nuclear waste.

Hope this is helpful

Allan Jeffery

The Carbon Brief Interview: Amory Lovins

Amory Lovins is the co-founder and chief scientist of the Rocky Mountain Institute. He has served as energy advisor to major firms and governments in more than 65 countries, including the US. He has authored 31 books and 600 papers, including Reinventing Fire: Bold Business Solutions for the New Energy Era and the influential 1976 essay Energy Strategy: The Road Not Taken?

• Lovins on nuclear power: "One needn't argue about whether it's proliferative or unsafe or whether we know what to do with the waste if there's no point building it because it's a money loser.... If you built a new nuclear plant you would

actually be making global warming worse than it should have been, because you are buying a lot less solution per dollar."

• On UK's approval of Hinkley Point C: "I'm afraid that and any other reactors built in the UK – although I don't think they're very likely – will simply be one of those other great money-wasting projects we wished we never heard of but nobody had the guts to stop."

• On UK energy policy: "There really isn't a coherent policy to discuss. It's simply analogous to the progress that a sleigh might make in the winter if you hitched a half dozen horses to random points on the periphery and let it move about according to which horse is hauling harder at the time."

• On influence of Trump on US energy mix: "Keep calm and carry on, not much will change, there will be a great deal of rhetoric and litigation and policy conflict, but the underlying market forces are so powerful they're not about to get diverted by short term politics."

• On future of US energy mix: "Renewables will continue to accelerate, because they're the best buy on the supply side."

• On energy efficiency and the "negawatt" revolution: "There is an enormous amount more to be done: we could improve the efficiency of US buildings by 2050 at historically reasonable rates by a factor of three or four, with about a 33% internal rate of return."

• On critics of renewables: "The main barriers to large scale reliable renewable deployment are really between the ears of people who think that the way we used to run the grid is the only way to run the grid....Many people who have succumbed to the base load myth, that you need the big coal, nuclear gas plants to keep the lights on, simply are not grasping the level of innovation that's already come to grid operations on both the supply and demand side."

• On the "hypercar": "We're very pleased with how that's going. It means that you can deploy electric cars much faster, because if you take out about half or two thirds of the weight and drag, you need two or three times fewer of the costly batteries or fuel cells."

• On replacing coal plants with gas plants: "The more we look in detail at the methane escaping from the gas supply chain and around it where they tend not to count around the edges, the more we get worried that actually gas is worse than coal from a climate perspective."

<https://www.carbonbrief.org/carbon-brief-interview-amory-lovins>

CND Conference

Jo Smoldon

The Stop Hinkley stall was ready and waiting at the start of the CND Conference in London entitled "No Need For Nuclear: the renewables are here" on Saturday 17th June.

Meeting old friends and familiar faces from the anti-nuclear movement added to the enthusiasm and excitement of all aspects of our represented campaigns. The day started rolling with an inspiring message from Caroline Lucas who was in New York where she was attending the UN disarmament meeting.

There followed 16 interesting speakers who provided a wealth of knowledge and experience on the topics: What's Wrong With Nuclear Power? The Politics of Nuclear Power, UK Energy Demand, Energy Supply and The Renewables. The presentations were interspersed with stimulating Question and Answer sessions from the audience together with wisdom from the respective Chairs and members of those panels.

The Renewable revolution wove itself through all the topics and showed that it is moving from strength to strength. The data is emerging on many different fronts that nuclear power will never be able to compete. Time and time again 'Hinkley' came up with reasons why Hinkley C will not be built and will transform into the White Elephant we have ready and waiting in our campaign shed!

<http://www.yscnd.org/uk/what-you-missed-at-the-noneedfornuclear-conference/>

Contacts

Press & Spokespersons: Pete Roche:
pete@stophinkley.org
01749 860767 or 07821 378 210

Local Information: Allan Jeffery
ajjeffery@talktalk.net 01278 425451

Street Stalls: Jo Smoldon:
josephine.smoldon@virgin.net 01278 459 099

Membership/Treasurer/Website: Val Davey:
val@stophinkley.org

www.stophinkley.org

Witch Watch Full Moon Vigil 5th Birthday

Jo Smoldon

The energy of the buffeting wind met the excitement of the anticipated election results on the day of the full moon 8th June. Witch Watch visitors before and after dark came to celebrate the 5th Birthday at the gates of Hinkley Point and to Pixie Mound.

There were cakes, champagne and a new banner to make their mark on an important milestone to the dedication of the witch watch group and all who have attended and supported this action over the years.

We had an extra-ordinary amount of visits from the police and security services owing, we can only assume, to the 'hotline' news that the cake was really good!



Events

Stop Hinkley meetings
Mondays 17 July & 21 August at 7pm
West Bow House, Milton Place
Off West Street, Bridgwater TA6 7RT

Meetings are usually held on the third Monday of the month. All members and non-members are very welcome to attend, though only members have voting rights.

Please let Jo know if you plan to come to give us an idea of numbers and to keep you informed of any last minute change of plan.