



Press Release

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Centrica Threatens to Pull the Plug on Hinkley C Investment

A major body blow has been dealt to plans for a new nuclear power station at Hinkley Point in Somerset by the threatened withdrawal of one of its main investors.

According to an authoritative report in today's *Financial Times*, the power company Centrica, owner of British Gas, is threatening to abandon its investment in the scheme because the economics don't stack up. Until now it had been assumed that Centrica would take a 20% share in a joint venture led by Electricite de France (EDF), which wants to build the country's first new nuclear plant for over 20 years.

The possible Centrica withdrawal follows decisions by four other large power companies to cancel or re-consider their nuclear investment plans. The UK-based Scottish and Southern Electricity and German companies E.ON and RWE have all announced that they will not continue with their nuclear proposals (1), while the French company GDF-Suez has said it is not happy with the level of government financial support on offer (2).

Like the other companies, Centrica is reportedly concerned that government financial support will not be enough to cover nuclear power's enormous liabilities, which include the risk of a serious accident. Its withdrawal would leave EDF as the only company still committed to pursuing nuclear investment in the UK.

"This threatened withdrawal by its partner Centrica should send the strongest possible signal to EDF that it must abandon its nuclear plans at Hinkley Point before more time and energy is wasted on this expensive and dangerous exercise," said Stop Hinkley spokesman Crispin Aubrey. "We have said all along that nuclear power can never be economic without massive state subsidies. Even the carrots being offered by the government have failed to persuade Centrica that nuclear power is a good investment. Now is the time to call a halt to this whole unfortunate episode in British energy policy."

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Notes:

1. "Germans pull the plug on UK's nuclear power plans", *The Times*, 30 March 2012; "SSE sells nuclear stake for initial £5.75m", *Business Green*, 17 Feb 2012.
2. "GDF boss warns current policy framework is 'not enough' to drive nuclear investment", *Business Green*, 17 April 2012.