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## Media Briefing

### Stop Hinkley calls on European Commission to “Just Say No” to UK Nuclear Subsidy Plan

A decision by the European Competition Commission on whether plans by the UK Government to provide up to £17bn worth of subsidies (1) to the proposed Hinkley Point C nuclear power station constitute illegal State Aid is expected soon. EDF Energy says it expects a decision before the new European Commissioners take over on 1<sup>st</sup> November 2014. (2)

On the day after it emerged that a similar reactor being built in Finland is now expected to be almost a decade late (3), the Stop Hinkley campaign is again calling on the EC to just say no to the Hinkley deal. Stop Hinkley believes that the decision could well go against EDF Energy. This briefing sets out why.

A good summary of the Hinkley saga can be found in the specialist journal *Energy Post* 21<sup>st</sup> August 2014. <http://www.energypost.eu/saga-hinkley-point-c-europes-key-nuclear-decision/>

*Energy Post* reminds us that the UK Government promised from the start of its attempts to revive nuclear construction that there would be no public subsidies. This was predicated on hopelessly overoptimistic forecasts of cost. Once the deal between the Government and EDF Energy on Hinkley was announced it was clear that the European Commission would have to investigate. There are three basic tests that the Commission must apply to any such agreement: Is it state aid; does it distort markets; and is there an applicable exemption from state aid rules? The authors of the *Energy Post* article conclude that the agreement clearly is state aid which could distort markets and there is no applicable exemption.

The initial view of the Commission on the Hinkley Point deal was almost entirely negative. It concluded that “*it appears difficult to argue that the measure can help the UK achieve security of supply, given that the plant will not be operational before 2023*” and Hinkley Point C “*could hardly be argued to contribute to affordability*”. (4)

Stop Hinkley made a Joint Submission with the Nuclear Free Local Authorities and Cities for a Nuclear Free Europe in March 2014. The submission is available here: [http://www.stophinkley.org/EngRevu/NFLA\\_CNFE\\_SH\\_Euro\\_Commission\\_nuclear\\_subsidies\\_submission.pdf](http://www.stophinkley.org/EngRevu/NFLA_CNFE_SH_Euro_Commission_nuclear_subsidies_submission.pdf)

In this we argued that renewable technologies are being unfairly constrained by the UK Government despite the fact that solar and offshore wind are likely to be cheaper than nuclear by 2023. Hinkley

Point C is clearly not required in order for the UK to meet its climate change and energy security objectives, and we called on the European Commission to declare the State Aid which the UK Government proposes to give to Hinkley Point C illegal.

Globally the nuclear industry is in decline, with rising operating costs and an ever-shrinking share of world energy production. It is losing the race for investment and new generating capacity to fast growing renewable energy technologies. Of 67 new reactors under construction around the world, at least 49 have encountered construction delays, most of them significant (several months to several years), including 21 out of 28 reactors in China. (5) According to Forbes Magazine, China can mostly ignore democracy when it comes to building new reactors - it has perhaps the most relaxed regulatory regime in the world. Yet nuclear is being outstripped by wind. China turned on 16GW of wind capacity in 2013, yet it only managed to turn on 4.7GW of nuclear in the last four years. (6)

Since the start of the European Commission's investigation the renewables revolution has been gathering pace fast. Regen South West reported that on Sunday 17<sup>th</sup> August wind turbines produced enough electricity to power a third of homes in the South West. (7) On the same day onshore and offshore wind turbines met 22 per cent of UK electricity demand, setting a new record and comfortably outperforming coal, which met just 13 per cent of demand. In addition solar power provided three per cent and hydroelectric plants produced one per cent of electricity demand. (8) Across the world renewables costs are falling, barriers to its wider deployment look surmountable, and as the flurry of recent records prove, the technology is working. (9) Recent pointers to the pace of the renewable energy revolution include:

- Leading investment bank UBS says "*It's time to join the revolution*". By 2020 for much of Europe the payback time for unsubsidised investment in electric vehicles plus rooftop solar plus battery storage will be as low as 6-8 years. This means that households that invest in a solar system will be able to budget for 12 years of "free electricity". This three pronged assault from solar power, battery technology, and electric vehicles will render obsolete traditional large-scale, centralised power stations like Hinkley. (10)
- In a report entitled *Energy 2020: The Revolution Will Not Be Televised as Disruptors Multiply*, (11) the investment bank, Citigroup, gives a number of reasons why the solar sector is expected to perform strongly in the future, including significant improvements in the efficiency of PV cells, as well as continuing reductions in manufacturing costs that have already seen solar power reach grid parity in several countries (i.e. cheap enough to install without subsidies) - Germany, Italy, Spain, Portugal, Australia and the US southwest. Japan will cross this year, Korea in 2018. It forecast that even Britain will achieve grid parity by 2020. (12)
- Local Authorities across the West Country are already joining the revolution. A few recent examples include: Wiltshire Council is installing the UK's largest local authority solar rooftop (13); Bath & North East Somerset Council has completed the installation of solar panels on Keynsham Civic Centre (14); Bristol is hoping to become the UK's solar power capital (15); Exeter City Council has installed solar panels on council buildings (16); Plymouth City Council announced half a million worth of solar contracts in 2013 (17). There are growing moves in local government to develop more comprehensive energy policies, as part of a move towards more decentralised energy production. (18)

A Stop Hinkley Spokesperson said "*the European Commission should read the writing on the wall and just say no to subsidising this failed, dangerous, expensive technology. And It's time for local authorities in Somerset to join the revolution and start looking at how it too can play a pivotal role in the development of low carbon energy projects by emulating work going on in the rest of the West Country rather than relying on an outmoded centralised utility like EDF Energy.*"

**END**

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<http://www.telegraph.co.uk/finance/newsbysector/energy/10525538/Subsidies-for-UK-nuclear-plant-could-reach-17bn-and-may-be-unnecessary.html>
- (2) Reuters 31<sup>st</sup> July 2014 <http://af.reuters.com/article/energyOilNews/idAFWEB00QOR20140731>
- (3) Reuters 1st September 2014 <http://www.reuters.com/article/2014/09/01/finland-nuclear-olkiuoto-idUSL5NOR20CV20140901?rpc=401&feedType=RSS&feedName=rbssEnergyNews&rpc=401>
- (4) European Commission, “State aid SA. 34947 (2013/C) (ex 2013/N) — United Kingdom Investment Contract (early Contract for Difference) for the Hinkley Point C New Nuclear Power Station”, 18 December 2013 [http://ec.europa.eu/competition/state\\_aid/cases/251157/251157\\_1507977\\_35\\_2.pdf](http://ec.europa.eu/competition/state_aid/cases/251157/251157_1507977_35_2.pdf)
- (5) World Nuclear Industry Status Report 2014 <http://www.worldnuclearreport.org/> or see Jonathon Porritt’s blog Ecologist 25<sup>th</sup> August 2014  
[http://www.theecologist.org/blogs\\_and\\_comments/commentators/2529402/the\\_nuclear\\_industry\\_today\\_declining\\_but\\_not\\_yet\\_dying.html](http://www.theecologist.org/blogs_and_comments/commentators/2529402/the_nuclear_industry_today_declining_but_not_yet_dying.html)
- (6) Forbes 22<sup>nd</sup> Aug 2014 <http://www.forbes.com/sites/quora/2014/08/22/which-is-more-scalable-nuclear-energy-or-wind-energy/>
- (7) Western Morning News 20th Aug 2014 <http://www.westernmorningnews.co.uk/Record-wind-power-output-meets-33-cent-South-West/story-22784275-detail/story.html>
- (8) Business Green 18<sup>th</sup> August 2014 <http://www.businessgreen.com/bg/news/2360817/wind-energy-smashes-uk-energy-share-record>
- (9) Business Green 19th Aug 2014 <http://www.businessgreen.com/bg/james-blog/2361031/renewables-records-reveal-how-clean-energy-is-starting-to-light-up-the-world>
- (10) Will Solar, batteries and electric cars re-shape the electricity system? UBS 20<sup>th</sup> August 2014  
<https://neo.ubs.com/shared/d1V0tO4LmKMZuB3> A summary of the report is published in The Guardian 27<sup>th</sup> August 2014 <http://www.theguardian.com/environment/2014/aug/27/ubs-investors-renewables-revolution> See also Renew Economy 21st Aug 2014  
<http://reneweconomy.com.au/2014/ubs-time-to-join-the-solar-ev-storage-revolution-27742> and Renew Economy 21st Aug 2014 <http://reneweconomy.com.au/2014/evs-will-make-solar-viable-without-subsidies-91738>
- (11) Citi Research 28<sup>th</sup> July 2014 <http://tecsol.blogs.com/files/citi--rapport-%C3%A9nergie-08-14.pdf>
- (12) Telegraph 20th Aug 2014  
[http://www.telegraph.co.uk/finance/comment/ambroseevans\\_pritchard/11046842/Oil-industry-on-borrowed-time-as-switch-to-gas-and-solar-accelerates.html](http://www.telegraph.co.uk/finance/comment/ambroseevans_pritchard/11046842/Oil-industry-on-borrowed-time-as-switch-to-gas-and-solar-accelerates.html) and Business Green 15th Aug 2014  
<http://www.businessgreen.com/bg/news/2360377/citigroup-solar-set-to-shine-as-costs-plummet>
- (13) Edie 13th Aug 2014 <http://www.edie.net/news/6/Largest-local-authority-rooftop-solar-array-goes-live/>
- (14) Solar Portal 5th Aug 2014  
[http://www.solarpowerportal.co.uk/news/new\\_keynsham\\_civic\\_council\\_powered\\_by\\_243kwp\\_solar\\_array\\_5426](http://www.solarpowerportal.co.uk/news/new_keynsham_civic_council_powered_by_243kwp_solar_array_5426)
- (15) PV Compare 14th Jan 2014 <http://www.pvcompare.net/en/BITAIN-S-SUNNIEST>
- (16) Exeter Express & Echo 19th Nov 2013 <http://www.exeterexpressandecho.co.uk/Solar-panels-bring-savings-Exeter-City-Council/story-20099254-detail/story.html>
- (17) Plymouth Herald 15th Nov 2013 <http://www.plymouthherald.co.uk/Council-award-500-000-solar-energy-business/story-20086696-detail/story.html>
- (18) NFLA Briefing 18<sup>th</sup> Aug 2014  
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