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EDF's protestations that changes to Hinkley Point C Contract don't mean more delays fail to convince

On 29th November, the *Daily Telegraph* (1) reported that a new contract between the Government and EDF suggests Hinkley Point C (HPC) might not be ready until 2036 – 11 years later than originally planned. Whilst EDF insists that its latest finishing date of 2027 has not changed, concerns remain that there will be further delays, otherwise why change the contract. Delays and cost overruns at all of the other reactors of the same type being built elsewhere in the world provide a clue as to the likely outcome.

In October 2013, a price of £92.50 per MWh (at 2012 prices) was agreed as the 'strike price' for the Hinkley Point C (HPC) project, meaning the government will top up EDF's income to this level if wholesale prices are lower. EDF will have to pay money to the government if market prices are higher. At 2022 prices this is worth £129.09/MWh.

Provided HPC is completed by 2029, EDF will get the strike price for every MWh sold for 35-years. After 2029 the price is reduced in value up to what is called the long-stop date - after which it could be cancelled altogether. The long stop date was originally 1st November 2033, but the Low Carbon Contracts Company (LCCC), the government's counterparty in the contract, announced on 29th November this year that the long-stop date had been extended to 1st November 2036. There is no change to other targets in the subsidy contract, meaning that the length of time under which payments can be made may still be shortened if HPC does not start generating by May 2029.

The LCCC said:

"*The extension reflects LCCC's work with the HPC project over the last 20 months to understand the impacts of COVID-19, as well as the outcome of the Department for Business, Energy & Industrial Strategy's negotiations with CGN on the Sizewell C nuclear project*". (2)

HPC consists of two 1.63GW EPR reactors. The first one was originally scheduled to start generating electricity by the end of 2025. In January 2021 this was rescheduled to June 2026 and the estimated cost of the project was increased by half a billion to between £22 and 23 billion.

In May 2022 the start of electricity generation for the first reactor was rescheduled again to June 2027 with costs now estimated at £25 to £26 billion.

Stop Hinkley Spokesperson, Roy Pumfrey said:

"*This contract change means EDF could still be getting state support for these reactors even if they can't light a single light bulb until 2035. Given the failures of the rest of the world's EPR reactors this seems quite possible, despite EDF's claims. If it wasn't at least seen as a possibility, why did they change the contract? Electricity consumers are being fleeced to pay for these white elephants – it's time the Government turned its attention to a serious energy efficiency programme and speeded up renewable energy schemes instead of sniping at onshore wind and solar farms.*"

Stop Hinkley Contact:
Roy Pumfrey
roy@stophinkley.org
Tel: 07886 028 910
01278 652 089

Notes

(1) Telegraph 29th Nov 2022 https://www.telegraph.co.uk/business/2022/11/29/hinkley-point-nuclear-plant-faces-risk-11-year-delay/
(2) World Nuclear News 2nd Dec 2022 https://www.world-nuclear-news.org/Articles/Three-year-extension-agreed-to-Hinkley-Point-C-con and City AM 1st Dec 2022 https://www.cityam.com/edf-secures-further-funding-for-hinkley-point-c-in-new-settlement/

Annexe – EPR reactors around the world – technical problems, delays and cost over-runs the norm

The Olkiluoto 3 EPR in Finland — which had initially been due to start full power electricity production in 2009 — has been besieged by problems and setbacks, including faulty components, safety tests, and even a lawsuit. Damaged feedwater pumps were discovered in October halted commissioning tests. Investigations into the problem are expected to delay the start-up of the reactor until the New Year.

Built by Areva NP for a fixed price of €3bn, the firm estimated in 2012 that the full cost of building the OL3 reactor would amount to around €8.5bn due to the frequent setbacks encountered during its construction. The delays led to a bitter dispute between Areva and TVO, with each seeking compensation from the other through the International Court of Arbitration - a scenario which resulted in Areva paying hundreds of millions of euros in compensation to TVO.

Helsinki Times 23rd Nov 2022 https://www.helsinkitimes.fi/finland/finland-news/domestic/22539-tvo-olkiluoto-3-to-start-electricity-generation-in-late-january-at-earliest.html#google_vignette
Chemical Engineer 9th Nov 2022 https://www.thechemicalengineer.com/news/cracks-found-in-feedwater-pumps-at-finland-s-ol3-nuclear-plant/

In December 2007, EDF started construction of an EPR at Flamanville-3 in Normandy. Start-up was scheduled for 2012, but the project has been plagued with design issues and quality-control problems, including basic concrete and welding difficulties. In April 2018, it was

discovered that the main welds in the secondary steam system did not conform with the technical specifications. In July 2020, EDF stated that fuel loading would be delayed to "late 2022" and construction costs were re-evaluated at €12.4 billion an increase of €1.5 billion (US$20151.7) over the previous estimate. By January 2022, this had increased to €12.7 billion.

The World Nuclear Industry Status Report 2022 https://www.worldnuclearreport.org/-World-Nuclear-Industry-Status-Report-2022-.html

In China Taishan 1 and 2 were the first two reactors based on the EPR design to begin operating. Excavation work began in August, 2008. The first concrete for the first unit was poured in October 2009. Construction of each reactor was planned to take 46 months, significantly faster and cheaper than the first two EPRs in Finland and France. However, this proved elusive as start-up was repeatedly delayed. The reactors entered commercial operation in December 2018 and September 2019, respectively. Taishan-1 was taken offline between July 2021 and August 2022 following the discovery of damaged fuel rods. In late May 2021, American media outlets reported the venting of radioactive gas at Taishan-1. Rather than authorising an immediate shutdown, Chinese authorities responded with obfuscation by increasing the safety limits at which the reactor could operate. International pressure finally prevailed and Taishan-1 was shut-down. Taishan-1 first entered commercial operation in December 2018

Bloomberg 24th Nov 2010 https://www.bloomberg.com/news/articles/2010-11-24/china-builds-french-designed-nuclear-reactor-for-40-less-areva-ceo-says
World Nuclear News 17th August 2022 https://www.world-nuclear-news.org/Articles/Chinese-EPR-resumes-power-supply-after-extended-ou
Nuclear Free Local Authorities 14th June 2022 https://www.nuclearpolicy.info/news/an-imminent-radiological-threat-to-the-site-and-to-the-public-nfla-questions-whether-taishan-1-reactor-design-planned-for-hinkley-point-c-and-sizewell-c-is-fatally-flawed/