



For Immediate Release
29th January 2019

UK Energy Policy and Hinkley Point C at a Tipping Point

UK Energy Policy is at a tipping point. Following the withdrawal of two Japanese giants - Toshiba and Hitachi - from nuclear projects at Moorside in Cumbria and Wylfa on Anglesey - it is now clearer than ever that it would be cheaper to build new renewable capacity rather than continue building Hinkley Point C. It's now time to cut our losses and abandon the Hinkley Point C project altogether.

Even Business Secretary, Greg Clark has recognised that *“The cost of renewable technologies such as offshore wind has fallen dramatically, to the point where they now require very little public subsidy and will soon require none.”* (1) And the cost reductions for offshore wind are far from over. (2)

According to The Observer *“the Hitachi fiasco confirms that our energy policy now lies in ruins”*. Hinkley Point C is Britain's only new reactor, currently under construction and this *“is eight years behind schedule and faces huge cost overruns”*. Its construction has proceeded only because the government agreed to pay vastly inflated prices for its electricity for a guaranteed 35 years. (3)

Financial markets commentator, Neil Collins, writing in the FT, says the *“[g]rim truth is that these huge projects are a financial dead end.”* He describes the Hinkley Point C project as promising *“to be an epic financial disaster”*. (4)

The contract for Hinkley Point C means that consumers will pay £92.50 per megawatt hour of electricity at 2012 prices for 35 years. At today's prices this will now be more than £108.00/MWh. It is impossible to forecast future wholesale electricity market prices but if we assume that today's prices (about £45/MWh) persist for the period of the contract Hinkley would add about £50bn to consumers' bills. According to EDF Energy, construction proper at Hinkley will not officially start until June 2019. (5) So, whilst cancelling Hinkley Point C now might incur a cancellation cost of a few billion pounds, consumers could save almost £1.5bn per year for 35 years from 2027 if the deal is scrapped. (6)

We have also learnt from the Sunday Telegraph that cash-strapped EDF is weighing a range of options to distance itself from the British energy market. It is not clear what this could mean, but, according to the newspaper this could include the sale of a minority stake in its existing reactors such as Hinkley Point B. (7)

The basic problem is that the UK's 2011 National Policy Statement on Energy has aged badly. Then, it was wrongly believed energy costs and demand would rise inexorably, creating a security of supply issues. As a result, the government gave the go-ahead to the super-expensive Hinkley project. In fact, demand is falling thanks to efficiency gains and new technology, and the cost of all forms of energy supply – with the glaring exception of nuclear – has fallen sharply.

Stop Hinkley spokesperson Roy Pumfrey said:

“It is time to scrap the welfare scheme for the dying nuclear industry called Hinkley Point C. Business Secretary Greg Clark has virtually admitted that nuclear power is past its sell-by-date. (8) If Hitachi can't make a profit with 'significant and generous' financial support from the Government, - its share price went up by 10% when Wylfa was suspended - and even EDF is getting cold feet despite the prospect of a £50bn bung from consumers - it must be time to get out of nuclear, cancel Hinkley and stop coming up with new ways of fleecing taxpayers and consumers to fund new reactors.”

Stop Hinkley Contact:

Roy Pumfrey
roy@stophinkley.org
Tel: 07886 028 910

- (1) Greg Clark's Parliamentary Statement 17th Jan 2019 <https://www.gov.uk/government/speeches/statement-on-suspension-of-work-on-the-wylfa-newydd-nuclear-project>
- (2) Offshore Wind Journal 22nd Jan 2019 https://www.owjonline.com/news/view,no-nuclear-no-problem_56521.htm
- (3) Observer 20th Jan 2019 <https://www.theguardian.com/commentisfree/2019/jan/20/observer-view-hitachi-fiasco-confirms-energy-policy-in-ruins>
- (4) FT 26th Jan 2019 <https://www.ft.com/content/65524b36-f974-11e8-a154-2b65ddf314e9>
- (5) World Nuclear Industry Status Report 29th Dec 2018 <https://www.worldnuclearreport.org/The-Oddly-Discreet-Construction-Start-of-Hinkley-Point-C.html>
- (6) See Time to Cancel Hinkley Point C by Emeritus Professor Steve Thomas available here: <http://www.no2nuclearpower.org.uk/wp/wp-content/uploads/2017/09/Time-to-CancelHinkleyFinal.pdf>
- (7) Telegraph 26th Jan 2019 <https://www.telegraph.co.uk/business/2019/01/26/edf-weighting-retreat-energy-market-uk/>
- (8) FT 23rd Jan 2019 <https://www.ft.com/content/32feb582-1e3d-11e9-b126-46fc3ad87c65>