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Hinkley Point C is no more than a doomed attempt at face-saving

Hinkley Point C is no more than a doomed attempt at face-saving John Sauven

https://www.theguardian.com/environment/2016/jul/27/hinkley-point-c-no-more-than-doomed-attempt-face-saving

George Osborne's reputation as a master political tactician may have gone the way of Leave's £350m a week for the NHS, but the spectre of his misguided energy policy could haunt Britain for decades, and at Hinkley in north Somerset, for millennia.

Theresa May's government urgently need to seize the opportunity to minimise the damage, an opportunity which only lasts while her government can portray them as the last regime's errors, and disown them.

This week we learned that the UK has lost 12,000 jobs in the solar industry. This economic disaster was due to Osborne's ideologically driven subsidy cuts to what was a vibrant and growing sector of the economy. The ideology in question was not opposition to state subsidies, of course.

Osborne has lavished new subsidies on the fossil fuel industry, just as the other leading industrialised nations have started to cut them, and Hinkley Point C is an Olympic-sized subsidy swallower. Osborne simply didn't like renewables, despite <u>onhore wind farms providing the cheapest electricity in Britain</u>, and solar looking like the technology most likely to undercut them.

Whether this was due to powerful empathy with the small minority of voters who object to renewable energy, a gross misunderstanding of the economics, or an unhealthy affinity with the larger, more established firms pushing older technologies, is difficult to say. But the initial bad decisions became calcified into commandments as the government was forced to defend them repeatedly against an array of bewildered experts.

To avoid paying a low level of subsidy on technologies whose prices were dropping dramatically,

Osborne's Treasury made them rain on the one technology whose costs just keep on going up.

Hinkley C had been described as "the most expensive object on Earth" many months before the National Audit Office (NAO) <u>revealed that subsidies would be nearly five times as big as had been previously advertised</u>. The avalanche of subsidies has produced an ongoing state aid dispute with the UK launched by Austria, a new state aid investigation by the European commission into the reactor builder Areva, and a potential state aid dispute over France's plans to make up EDF's credit shortfall on the project.

Hinkley C has now become so uneconomic that it has been condemned in editorials in the normally pro-nuclear Times, Telegraph and Mail, and many EDF executives and employees think it might be a bad enough plan to completely destroy the state-owned utility.

On Thursday EDF's board will make <u>a widely trailed</u> decision on whether to proceed with this "investment". After years of delay, this unseemly hurry looks a bit like panic.

The tide has been turning against Hinkley ever since the problems at Olkiluoto in Finland and Flammanville in France, Hinkley's elder siblings, became horribly apparent. Now, with a new UK government not so publicly committed to the project, EDF may be feeling that its chances of getting Hinkley built are likely to diminish even more quickly. Osborne seemed willing to countenance almost anything in his desperation to get his legacy built, but Philip Hammond might look at the figures and the alternatives, and start looking for a way out.

To be clear, the Hinkley subsidies are not bungs to power brokers or inexplicable government largesse; Hinkley's problems are so severe and so numerous that it requires potentially illegally high levels of state support in order for it to be built. Listing them all – the legal risks, the engineering risks, the liability risks, the credit risks, the safety risks – would take so long there would probably be some new ones before I'd finished. But they all spring from a reactor design, which has so far proved impossible to make work, and has even been described as "unconstructable" by an engineering professor.

One of the few arguments Hinkley's defenders had left was that offshore wind, a technology that has the potential for huge amounts of power, but has received a tiny fraction of nuclear's research and development outlay in both time and money terms, was still more expensive than Hinkley. However, even this last advantage has now evaporated. The NAO has claimed this month that new offshore wind would actually be cheaper than new nuclear energy, a claim confirmed by Danish firm Dong Energy building two offshore windfarms for €72.70 (£61.10) a megawatt hour, compared to Hinkley's £92.50.

That eye-watering price is guaranteed to Hinkley for 35 years from the plant becoming operational, so billpayers will still be cursing the ghost of austerity past in the 2060s. But that's just the short-term cost. Hinkley will produce yet more nuclear waste to add to our huge, hazardous and homeless stockpile, and so the legacy of Osborne could haunt us for many hundreds of thousands of years.

And all this, all these costs, risks and subsidies, are now no more than a doomed attempt to save the face of an ex-chancellor whose reputation was finally taken off life support a month ago.

Unless the new government sees sense and calls out their predecessor's mistakes for what they are, two generations of UK consumers will be left footing the bill for the most expensive act of political face-saving in the history of British politics.