

Prime Minister to make £50 billion bet

Ed Davey will soon sign a long term investment contract to buy electricity for 30-40 years at twice today's price from an EDF nuclear power station that will not produce any electricity in this decade.

This decision is a £50 billion bet that DECC knows what the wholesale price of electricity will be in 2050.

That would be like having asked Tony Benn, Harold Wilson's Energy Minister, in 1976 if he knew what the wholesale price of electricity would be in 2013.

To raise the £14 billion capital needed for Hinkley C, EDF will require an investment contract that is unbreakable. It is therefore vital that its provisions be thoroughly examined before it is signed.

On March 13th last year, four former Directors of Friends of the Earth wrote to the Prime Minister setting out ten risks that would lead his nuclear power policy to fail. They predicted then that Centrica would not take up its 20% share of Hinkley C.

Nine of those ten risks have subsequently come about.

They have today written again to the Prime Minister calling on him to make public a comprehensive register of the risks to this policy and a detailed plan of how they are to be managed before permitting DECC to sign an investment contract with EDF.

They have also urged him to invite the National Audit Office to review the robustness of this risk analysis and to assess whether the contract represents good value for money.

A recent report from the Energy and Climate Committee¹ accepted that there would be no significant implications for energy security if this contract were not signed.

The same report noted that electricity from other low carbon technologies would cost significantly less and that nuclear 'will need to offer advantages compared to these technologies if it is to deliver good value to consumers.'

It went on to criticise DECC for failing to prepare a contingency plan in case its nuclear policy failed and to recommend that it begin to do so. In our March 2012 letter we urged the Prime Minister to ask DECC to prepare such a plan.

[Ends]

For further information and to arrange interviews please contact:

Tom Burke 07710 627616

Jonathon Porritt 01242 266777

Please find the letter to the Prime Minister attached. See on line at www.jonathonporritt.com

¹ 'Building New Nuclear :the challenges ahead' , Sixth Report of Session 2012-13, House of Commons Energy and Climate Committee, February 26th 2013.