

Cheaper energy

The news of problems with Toshiba's nuclear power generation investment plans will prompt some new thinking here in the UK. Some in the press are suggesting that in order to carry forward a programme of additional nuclear stations beyond Hinkley, the UK government will now itself have to venture into being a minority investor in these new plants. Private sector companies are finding it a stretch to handle the very high up front investment costs of a new nuclear station. They also have to worry about the long term nature of their commitments, and the eventual costs of decommissioning the facilities when they are worn out.

It is true, as the government argues, that nuclear has merits compared to wind power. It is much more reliable, and the plants can be run permanently without the same amount of back up power than interruptible renewable sources require. Whilst a nuclear plant is dear, you do not need an equivalent amount of stand by capacity, as you do for wind. The idea has been to supply unsubsidised power from nuclear plants. That means guaranteeing them a high and constant price for the power they will generate, given the high fixed costs involved. Some see guaranteed prices as just another variant of subsidy.

The enthusiasm for UK nuclear is based around the decarbonisation plans of Labour and the Coalition governments, in harmony with the EU requirements. The new government, leaving the EU, can rethink our energy needs and vary the policy. The overriding objectives should be to provide a sufficient supply of affordable power. We need that both to pursue the new Industrial strategy, and to tackle fuel poverty. Building a new nuclear industry here may make sense, but only if it can be done in a way which delivers sufficient power at affordable prices. It may be the case that a new fleet of gas powered stations would be a better way of ensuring plentiful good value energy.

What is sure is that you don't have a meaningful policy to fire up many industries we have lost or where there has been decline unless they have access to cheap power.