



An Taisce – The National Trust for Ireland

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To: Members of the Economic Affairs and Energy Committee of the German Parliament

Regarding:

Statement for the June 17th public hearing re “State-aid for Hinkley Point C” , 10:30-12pm

Sehr geehrtes Mitglied des Deutschen Bundestages,

We are writing to you on behalf of An Taisce, The National Trust For Ireland, to urgently seek your support on our concerns regarding the manner in which DG-Competition of the European Union has decided on the matter of State-Aid for Hinkley Point C Nuclear Power Plant. This is given certain specific concerns on the issue of State-Aid and the requirement for proper compliance of this decision. It is also given the consequential implications of that decision for the progress of this development. An Taisce has taken a challenge against the UK Government on foot of its decision under the Environmental Impact Assessment process required under EU law, not to pursue transboundary consultation with member states who might be impacted by the effect of a catastrophic accident or the management of waste from the facility.

An Taisce, is one of Ireland's oldest and largest environmental non-governmental organisations, and is a prescribed body for the purposes of a number of policy and development applications requiring it to be consulted on same. We have a long and proud history of working for and defending our built, natural and cultural heritage.

We wish to address four issues in particular to you, namely: waste management subsidies, insurance subsidies, issues with the development of the European Pressurized Reactors planned for Hinkley Point C; and Climate Change. We urge you to seek and or support a review of the decision of DG Competition on this matter. We do not purport to be experts on these matters, however even the most basic logic available to every citizen seems to indicate that the level of support which the UK and indeed other Member States effectively under-write this development with what constitutes seemingly to us an extraordinarily level of state-aid unparalleled with that for any other energy industry.

Firstly however, we wish to note and complement the German Government for its bold and effective migration from nuclear in its own energy solutions and towards renewables, following on the catastrophic failures at Fukushima Daiichi Nuclear Power Plant in Japan, where the design of the plant was unable to deal with earthquake and tsunami and the cascade of multiple failures which occurred. This most welcome action of the German Government reflects not just a concern for their own citizens but also a wider recognition of responsibility for the citizens of adjacent member states and our shared environment.

Now we turn to briefly outline some considerations on the four matters mentioned above in turn, which we respectfully urge you and your colleagues to consider as part of your deliberations on this matter together with other matters of concern to you, and hope that you will support and pursue a challenge of the matter of DG-Competitions decision on state aid for Hinkley Point C.

1.Waste Management:

It is a simple matter of fact as we understand it, that as we write to you, that there is no permanent solution for the disposal of the radioactive waste arising from Hinkley Point C, or indeed from a number of other new nuclear plants proposed for development in the UK. It is also a simple matter of fact that the management and storage of the waste arising from other nuclear plants in the UK has to date been paid for substantially out of state funds. We urge you to seek up to date figures from DEFRA¹ in the UK on its extraordinary expenditure on this over the last 25 years.

In the context of there being no clarity on the permanent solution for the waste from Hinkley Point C and the complex technical, security and safety issues which arise on the storage of such waste – it seems to us it is both impossible and unrealistic to rule out the requirement for significant state intervention in the supply and management of facilities for storing the waste. Such support we submit must constitute significant aid from the state, and is support without which the plant could not operate. The failure to specify a permanent solution for its waste management, is not only a failure to allow for the proper assessment of the environmental impacts of this direct effect from the operation of the nuclear power plant under the EU Environmental Impact Assessment Directive, but also serves to further frustrate the proper consideration of the extent of state-aid involved in Hinkley Point C.

Members of your committee will also readily appreciate there is also an opportunity cost incurred for the state funds required to develop and operate such facilities and for the land used – which effectively becomes sterilised for other purposes. These are further dimensions to the state-aid issue.

Additionally and quite separately as a member state on the other side of the Irish sea to the UK's nuclear re-processing plant at Sellafield, we also submit that the UK's record on temporary solutions for the storage of waste is of serious concern to us. We note the following shocking article in a most reputable UK newspaper on how the government is paying private companies £1.7bn a year to decommission ageing buildings at Sellafield, and of serious degradation in two storage ponds containing hundreds of highly radioactive fuel rods at the Sellafield nuclear plant, open to the elements:

<http://www.theguardian.com/environment/2014/oct/29/sellafield-nuclear-radioactive-risk-storage-ponds-fears>

and also this article:

http://www.theecologist.org/News/news_analysis/2611216/leaked_sellafeld_photos_reveal_massive_radioactive_release_threat.html

The UK's nuclear industry has seemingly historically relied on not having to pay for proper management of, and the risk it presents or the deleterious externalities and direct effects of its nuclear operations on our shared environment and the important fisheries of the Irish sea. How can we expect Hinkley Point C to be materially different? This is given there is no certainty on the permanent solution for its waste or when it will be deployed, and the viability and maintenance requirements of the

¹ UK Department of Environment, Food and Rural Affairs.

temporary solution in the interim. The burden of these environmental effects is also effectively carried by other member states we would submit, further complicating the state-aid picture. We urge you to rigorously consider this issue as part of your deliberations.

2. Insurance:

Your committee we feel will be interested in materials and interchanges in a somewhat similar UK Parliamentary committee to your own on the matter of insurance and state-aid for nuclear in the UK. The report from the House of Commons' Environmental Audit Committee which, although dated 27 November 2013 was published, 2 December 2013². It explains (paragraph 48):

“Similarly, there will be a £1.2bn cap [sic; this should read €1.2bn] on the nuclear incident liability which, the Minister told us, was also not a subsidy because the developer will be charged a “risk fee” on “commercial terms” for the Government still having a residual liability. This arrangement, the Minister told us, was an “insurance policy” rather than a subsidy.”

The footnote to that passage refers to evidence given to the Committee including the following exchange (references below should similarly be to € rather than £):

“Q255 Caroline Lucas: In terms of other hidden subsidies—I know you are still getting me the figure for the full share and the cap—there is the issue of liability as well, because the Government now has increased its overall support of liability or the overall requirement of nuclear to pay its liability up to £1.2 billion. Again, if you look at something like the costs of Fukushima, we are talking about orders of magnitude higher than that. So, again, would you not see that as being a subsidy to nuclear, the fact that uniquely among technologies there is nothing similar about it? Uniquely to nuclear we have the risk of an extraordinarily high amount of money that the taxpayer could have to find.

Michael Fallon: Again we have been completely open and transparent about that. The current limit on nuclear liability is £140 million. We have increased it in this instance to £1,200 million, £1.2 billion.

Caroline Lucas: I appreciate that and I said that myself. My question though is, do you accept that in the event of a serious accident we will be looking at having to pay an awful lot more than that and that would be uniquely the case in nuclear in terms of the amount of extra money we would need to be paying and, therefore, another form of subsidy is going to nuclear that is not going to wind farms or solar panels?

Michael Fallon: Financial cover for unlimited liability is simply not available on the commercial market either for nuclear or indeed for buildings in the City of London insuring themselves against terrorism. There are certain sorts of cover.

Caroline Lucas: We are not comparing like with like, though, are we?

Michael Fallon: There are certain forms of cover that simply are not commercially available. What we have done is significantly increase the liability limit but beyond that the State has to step in and of course the developer will be charged a fee for that.”

Not only does this serve to illustrate a serious disparity in how the UK Secretary of State was (for the purposes of transboundary screening required under the consent and assessment process required by the EU EIA Directive), treating the risks of a nuclear accident as low enough to disregard, EDF and the Government nonetheless treated them as real enough risks to justify putting in place insurance cover, and to provide that the UK Government has undertaken to effectively

²<http://www.publications.parliament.uk/pa/cm201314/cmselect/cmenvaud/c61-iv/c6101.htm>

subsidise the potentially extraordinary costs in the event of an accident, given the upper limit on liability which the industry has to bear. Again this is a matter which seems on the face of it to be state aid of an effectively unlimited nature and not on a par with anything required in other energy industries, and without which the nuclear industry would not operate.

3. Climate Change.

We are conscious of the burden of materials before you – and wish to merely submit that while the significant expansion of the nuclear programme in the UK will be enabled, allowing for in the order of 8 further plants, if this state aid issue goes unchallenged. The UK has argued that further reliance on nuclear is essential in the context of the imperative to address climate change. We are fully cognisant of the latest findings and recommendations of the fifth assessment report³ by the expert Intergovernmental Panel on Climate Change, and recognise it as the defining challenge of our age. However we note there is at the very least robust argument on either side regarding the carbon effect of nuclear – particularly when the full life cycle of mining preparation all the way through to storage is considered. Additionally, we would submit that without a proper and robust plan for the waste from nuclear power plants we are merely replacing one issue with another of problem of major and unknown proportions. Finally we submit that the extent of subsidy and indeed reliance on nuclear has been seen by many as an obstacle to effective research and investment in less environmentally harmful renewable sources of energy necessary to address climate change targets; and that most importantly it serves to defer and delay a focus on the necessary shift to more energy efficient requirements, practices and behaviours in the first instance.

Again therefore in compromising a proper focus on managing our response to climate change, the approach to state aid for Hinkley Point C and the approach that it will perpetuate – will some consider serve to compromise significantly the technological advances and energy efficiency stimuli needed to address essential targets if global temperature changes are to stay below 2 degrees. The consequential effects of which failure will be further costs to be born – not just by the UK, but many member states and most particularly the disadvantaged communities and people in the developing world who are least positioned to effectively subsidise the nuclear industry.

4. Issues with the manufacture of the European Pressurised Reactors for Hinkley and other similar plants, and consequences.

We note this article below from Reuters newsagency and other similar articles in very recent months highlighting serious anomalies and issues with the manufacture of the critical reactor component installed in Electricite de France's (EdF) Flamanville reactor. This is the type also planned for the Hinkley Point C plant – namely a European Pressurised Reactor, "EPR" which is a new-generation pressurised water reactor, whether or not the EPR's planned for Hinkley have been developed at the same US plant or whether this issue is a fundamental design issue seem unclear at this point.

<http://www.reuters.com/article/2015/04/17/areva-nuclear-idUSL5N0XE11320150417>

In short, the implications for redesign, remanufacture and delay appear at present to be unclear, and the associated costs invariably will raise a further issue on for state aid, as will the financial difficulties alleged for Areva – given its critical role in

³ <http://www.ipcc.ch/report/ar5/index.shtml>

the whole development landscape for Hinkley Point C. Again we would submit these are critical considerations and also go to the heart of the safety and other consequential cost implications for the plant, if the risk profile of the plant changes.

Conclusion:

In conclusion these are but some factors for consideration in what is effectively a blank-cheque book of state aid to assist and underpin both the development, operation and decommissioning of Hinkley Point C, and the storage of its waste, and the insurance costs in the event of a catastrophic failure which the UK's approach to insurance makes clear it cannot rule out.

We thank-you as a member of the committee for your consideration of our remarks and commend your committee for having a hearing on this important matter. We look forward to the deliberations of your committee and any further remarks you would care to direct to us or clarifications you would might wish to make on our commentary.

Yours sincerely,

John Harnett, Chair, An Taisce chair@antaisce.org

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