One thing we have learnt this week – Hinkley Point C

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Hinkley Point C is bad value for money say the National audit office (NAO). Everyone part from the nuclear industry and possibly the government know this is true but its nice to have it confirmed. Its criticisms fall into a number of areas. First the government has only considered the electricity costs up till 2030 when the strike price (guaranteed price for the electricity) is being paid long after. Second, the strike price is too high. With improved renewable costs which are constantly falling means power from Hinkley Point C will be too expensive. Third, they are rightly worried that costs will increase and eventually the taxpayer will have to step in to rescue the project. Somewhat at odds with this argument they say that the government should have taken a stake in Hinkley Point C as this would have reduced the costs by borrowing costs being lower. I disagree with this last point. Whilst they could be right on costs in some ways, the project is so likely to require a bailout that the taxpayer could have been left with a very difficult decision (and may still be). The Nuclear Industries Association were interviewed on the BBC Radio 4 today this morning. The head of this organisation said that when the decision was made the costs of renewables and other sources were more expensive. Possibly true. This however takes no account of Hinkley Point C cost overruns and the direction of travel with renewables and battery costs falling. National Grid say they have the largest battery program in the world. What was most interesting was that the head of this organisation said that all future reactors should be considered on their cost merits. On this basis its bye bye nuclear. Neil

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