

EDF calls for support for nuclear industry

di Ed Crooks

New nuclear power stations will not be built in Britain unless the government provides financial support for the industry, the head of the country's biggest nuclear generator has warned.

Vincent de Rivaz, chief executive of the UK subsidiary of EDF, told the Financial Times that a "level playing field" had to be created that would allow the nuclear industry to compete with other low-emission electricity sources such as wind power.

In recent months, the government has promised more generous subsidies for offshore wind power and new support for "clean coal" power stations that can capture and store their carbon dioxide emissions. But it continues to resist the idea of similar assistance for nuclear power.

EDF, which last year paid £12.5bn to buy British Energy, the nuclear generator, plans to build at least four reactors in Britain at a cost of up to €5bn (£4.4bn) each.

However, Mr de Rivaz said the company still needed to assure its investors, which include the French government with an 85 per cent stake, that the investment made commercial sense.

"We have a final investment decision to make in 2011 and, for that decision to give the go-ahead, the conditions need to be right," he said.

Mr de Rivaz suggested that the best way to support the nuclear industry would be to make sure penalties paid by rival fossil fuel power generators under the European Union's emissions trading scheme were kept high enough to make nuclear investment attractive.

He said that such a move would be necessary before companies were confident enough to invest tens of billions of pounds in new reactors. He added that the government needed to put a floor under the price of carbon permits in the EU's ETS.

Since the emissions trading scheme began operating in 2005, however, the price of the permits has proved highly volatile and has fallen sharply in the past year. Mr de Rivaz said: "We will not deliver decarbonised electricity without the right signal from carbon prices."

EDF is also concerned that the additional incentives for renewables will lead to so much wind capacity being built that nuclear power stations will have to be shut down at times of high wind power output, jeopardising the economics of new reactors.

Ed Miliband, the UK energy secretary, recently told the Financial Times that the government's policy was not to subsidise nuclear power. "I think we are right not to subsidise new nuclear power stations because we have an obligation to get to a low-carbon future at the lowest cost to the billpayer," he said.