

# Energy bills to rise as nuclear gets £3.43bn for doing nothing

## **Treasury fail to stop rising energy bills as WWF and Greenpeace call for windfall tax on nuclear generators**

Energy bills will rise because Government proposals will handover £3.43bn to nuclear generators for doing absolutely nothing different. The proposals to introduce a carbon floor price as part of the ongoing Electricity Market Reform (EMR) consultation could end up benefiting existing nuclear generators to the tune of £3.43bn between 2013 and 2026.

The windfall follows years of financial subsidies for nuclear energy (including a £10bn public bailout of British Energy in 2002) and makes a mockery of the Coalition government's stated opposition to any form of public subsidy for nuclear.

WWF and Greenpeace are urging the government to introduce a windfall tax on existing nuclear generators alongside the carbon floor price mechanism, that would be used to support energy efficiency and emerging renewable technologies through the Green Investment Bank.

The carbon floor price will operate as a tax on power companies with coal and gas-fired plants. As coal and gas are the dominant forms of power generation in the UK, the carbon floor price will have the effect of increasing the wholesale electricity price as a consequence of increasing the costs incurred by coal and gas-fired power stations.

Because existing nuclear power stations do not burn fossil fuels, they will not have to account for the carbon floor tax but will benefit from increased electricity prices and therefore increased profits. WWF and Greenpeace have obtained the data on potential windfall profits from the modelling work used to underpin the Treasury's consultation on the carbon floor price.

A carbon floor price reaching £40t/CO<sub>2</sub> in 2020 (one of 3 options put forward in the carbon price support consultation) could result in windfall profits of £3.43bn over the 2013-2026 period, and £3bn until 2022. This is based on the average number of hours that the UK's existing nuclear power stations are expected to operate at for the remainder of their operational life.

WWF and Greenpeace are calling for a windfall tax to be introduced to claw back these additional revenues. They also are arguing for a significant proportion of the revenues to be used to help consumers reduce their overall energy consumption and R&D investment in emerging renewable technologies possibly by channelling these funds to properly capitalise the Green Investment Bank.

Commenting on the proposals, **Nick Molho, Head of Energy Policy, WWF-UK**, said:

“At a time of fiscal austerity and rising energy bills, it seems crazy to be introducing a policy that gives huge windfall profits to the existing nuclear generators - especially when this sector has been bailed out by the taxpayer on several occasions in the past. The Government should find ways to prevent these windfall profits, and use the revenue to help householders reduce their energy needs.”

**Dr Douglas Parr, Chief Scientific Adviser and Policy Director, Greenpeace UK** said:

“This is yet another taxpayer handout to a failing nuclear industry. The economics of nuclear power have never added up and it has been continually propped up with money from hard-working families.

“The continued kowtowing of the Government to the nuclear industry beggars belief. Government policy should be backing the building of globally competitive industries based on clean, cutting-edge forms of energy and green growth, not an outdated industry that has never been able to stand on its own two feet.”

**- Ends -**