



Nuclear Industry Association

5th Floor, Tower House,
10 Southampton Street,
London WC2E 7HA

TEL +44(0)20 7766 6640

EMAIL info@niauk.org

VISIT www.niauk.org

FOLLOW @NIAUK

Nuclear Industry Association's (NIA) Budget Representation 2017

The Nuclear Industry Association (NIA) is the trade association for the UK's civil nuclear industry. We represent around 260 members who operate across the nuclear supply chain.

Overview

The civil nuclear industry has been a vital part of the UK's economy for 60 years, generating low carbon electricity for millions of homes, creating and maintaining thousands of highly skilled, well paid jobs across the nuclear fuel cycle.

Building on this heritage, the industry plans to build 18GW of new nuclear capacity and the NIA welcomes the government's commitment to the first of these projects, Hinkley Point C, where more than 2,000 workers are now on site. Hinkley will make a major contribution to meeting the UK's energy security and carbon reduction objectives.

Altogether the new nuclear build programme will create upwards of 60,000 new jobs, secure tens of billions of pounds of critical foreign direct investment into the country and make sure the industry can help keep the lights on with low carbon electricity for a further 60 years.

Today, the industry generates 21% of the UK's electricity and supports 65,000 jobs across nuclear fuel manufacturing, operations, new build and decommissioning. The NIA has commissioned a thorough report which will detail the economic impact of the UK's nuclear industry. The findings will be published in the autumn and will be shared with government and industry.

Investment Stability

The UK's new nuclear programme is being funded by the private sector, and investment for this sequence of vital infrastructure projects rests on confidence in the stability of UK energy policy.

Delivering certainty for investors will be crucial to avoiding delay, which is vital given two thirds of the UK's centrally available generation capacity will retire by 2030, including all but one of the current nuclear fleet.

Certainty will be delivered by maintaining the current Electricity Market Reform's framework, and the Carbon Price Floor arrangements.

In this context it would be helpful to have assurances that the Levy Control Framework funding cap beyond 2020-21 will accommodate the Contracts for Difference agreed with government for the nuclear new build developments at Wylfa Newydd and Moorside. It will also be important for investors that Infrastructure Guarantees are made available for future new build projects.

The NIA would also urge government to review the findings in the National Audit Office's report on Hinkley Point C. While the report recognised nuclear has both a part to play in the lowest cost decarbonisation of our power supply, it found using a different financing structure, particularly a risk sharing framework, could have resulted in a lower strike price. That is something government should reflect on as other new nuclear projects advance.

With this in mind, assurances on the UK's exit from the European Atomic Energy Community (Euratom), as part of the Brexit process, will be crucial. A clear timetable and an understanding of the scope of work being undertaken by government will be required to give industry the necessary confidence that a cliff edge will be avoided in March 2019. If replicate arrangements or a transitional period is not agreed before March 2019, the effects would be disastrous for the industry.

Nuclear decommissioning

As one of the early nuclear pioneers, the UK has one of the largest and most advanced decommissioning programmes in the world. This nationally-important programme of work presents a significant, technological and economic challenge which requires long term political support.

The UK's decommissioning mission has driven the development of skills, innovation and supply chain expertise which has placed the UK as a world-leader in an emerging global market worth hundreds of billions of pounds.

To maintain this and ensure the UK is able to win major opportunities overseas, the industry requires sustainable and predictable funding for the Nuclear Decommissioning Authority. Maintaining the framework will also help ensure the best return on the taxpayer's investment by giving industry the responsibility and confidence to grow its skill base and develop its capabilities.

It is also essential that progress is made towards delivering a permanent geological disposal solution for the UK's radioactive waste. A decision on the UK's plutonium stockpile would also provide confidence that the UK is managing the full lifecycle of its activities and maximising the value of its nuclear assets.

Small Modular Reactors

In addition to the current large scale new build programme, small modular reactors (SMRs) may be a viable and complimentary option, which could provide major export opportunities.

In March 2016, the government announced the first stage of a competition to identify a Small Modular Reactor (SMR) technology which could be built in the UK, and industry was then promised an SMR delivery roadmap which would be published in autumn 2016.

Given the huge potential benefits to the economy and UK supply chain, the NIA would like to see this process to developing a UK SMR developed as quickly as possible.

It has been estimated an SMR programme in the UK could create 40,000 skilled jobs, provide a £100 billion boost to the economy, reinvigorate the UK nuclear supply chain, and open the UK industry to a global export opportunity worth up to £400 billion.

Nuclear Sector Deal

The Nuclear Industry Council, made up of industry and government, has been working to develop a nuclear sector deal. The deal is being shaped to cover the breadth of industry and deliver a long term vision that will ensure the future prosperity of the sector.

With the support of government, the deal will, amongst other things, help reduce the cost of nuclear new build, develop a more effective approach to the nuclear decommissioning programme, re-establish the UK as a reactor vendor, and improve the UK's offering overseas.

Given the benefits a transformation such as this could bring to the nuclear sector, and the wider economy, the NIA strongly urges Treasury to support the deal.

October 2017