

Forms of support for nuclear power

Research by the Energy Fair group has identified 9 existing or proposed subsidies for nuclear power and 2 potential subsidies. They are described in the reports “Nuclear Subsidies”¹ and “Subsidies for nuclear power in the UK government’s proposals for electricity market reform”² and they are summarised here:

- *Limitations on liabilities:* The operators of nuclear plants pay much less than the full cost of insuring against a Chernobyl-style accident or worse.
- *Underwriting of commercial risks:* The Government necessarily underwrites the commercial risks of nuclear power because, for political reasons, the operators of nuclear plants cannot be allowed to fail.
- *Subsidies in protection against terrorist attacks:* Because protection against terrorist attacks can only ever be partial, the Government and the public are exposed to risk and corresponding costs.
- *Subsidies for the short-to-medium-term cost of disposing of nuclear waste:* In UK government proposals, the Government is likely to bear much the risk of cost overruns in the disposal of nuclear waste.
- *Subsidies for the long-term cost of disposing of nuclear waste:* With categories of nuclear waste that will remain dangerous for thousands of years, there will be costs arising from the dangers of the waste and the need to manage it. These costs will be borne by future generations, but they will receive no compensating benefit.
- *Underwriting the cost of decommissioning nuclear plants:* In UK government proposals, the Government is likely to bear much the risk of cost overruns in decommissioning nuclear plants.
- *Institutional support for nuclear power:* the UK government is providing various forms of institutional support for the nuclear industry.
- *Exemption from tax.* Uranium is exempted from the tax on fuels used for the generation of electricity.
- *Feed-in tariffs with contracts for difference.* Although it is a mature technology that should not need subsidies, nuclear power would be eligible for the same system of subsidies as is proposed for renewable sources of power.
- *Capacity mechanism.* The UK government’s proposals for a ‘capacity mechanism’ as a backstop for the power supply system are not yet finalised. However, there is potential for the proposed mechanism to be used to provide unjustified support for nuclear power.
- *Emissions Performance Standard.* Although nuclear power emits between 9 and 25 times more fossil carbon than wind power, it appears that the effect of the proposed new standard would, for the foreseeable future, be to lump them together as if they were equivalent in their carbon emissions.

¹ “Nuclear Subsidies”, Energy Fair, <http://www.mng.org.uk/nsubsidies>.

² “Subsidies for nuclear power in the UK government’s proposals for electricity market reform”, Energy Fair, <http://www.mng.org.uk/emrdoc>.