

The Carbon Catalysts Group

Delivering Nuclear Power

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In March the Tories set out their energy policy in *Rebuilding Security*. Seven weeks later, the Tories and Lib Dems published something they described as a 'joint' policy position.

Despite the implication that Tory policy was being leavened by Lib Dem policy, there appeared to be no substantive difference between the Tory's original policy document and the later 'joint' document – except the original was more radically green.

What is different is the agreed voting arrangements for nuclear power. The Lib Dems have agreed that they don't get to vote on the issue, although they can oppose it as much as they wish. If Nick Clegg can persuade the members of his party to follow through on this commitment and waive their rights to vote on an issue that many oppose, there will be many eaten hats.

Of course, the Lib Dems may now believe nuclear power simply won't happen. If so, they aren't wasting their votes. That certainly appears to be what some of them believe. Huhne complacently announced that in his view no new nuclear plant could be built without public subsidy—and no subsidy would be forthcoming from *his* regime. Ergo, one assumes, there will be no new nuclear plant.

When he said this, he had signed on to a 'joint' energy policy providing for a floor price for carbon. Did he understand it? One is tempted to think he did not.

The Climate Change Levy is a tax on energy usage. That tax will be abolished and a new tax with the same name will be imposed on carbon emissions. The new tax will operate alongside Emissions Trading Allowances. When the value of these Allowances falls below some figure determined by the Treasury – say, €30 – the new tax will be paid by the carbon emitter (the generator) but if it rises above €30, no tax is payable. This is tantamount to ensuring

that the value of carbon credits is never lower than €30.

Is the tax a subsidy? True, cash is not being collected by government and given directly to new nuclear plant. What is happening is that cash is being collected by government directly from fossil fuel plant, thereby creating a bankable value for nuclear plant. Not a subsidy? It's a matter of nuance: none of us knows whether Huhne knows this or not.

What have the Lib Dems been doing for the last few months, so far as energy policy is concerned? The answer is they have been doing and saying nothing that matters very much. Their policy was that of a party that will never face the big decisions. It had its negatives—they didn't want nuclear power. It had its wishful-thinking positives – they were aiming to “drive a massive programme of investment in renewable energy sources such as wind, wave and solar”. It didn't seem to have anything else.

Both the last and the current government went through a phase of such pious hopes. Both some time ago conceded defeat in light of the failure of technology to deliver what was wished of it and they added nuclear power to the low-carbon mix. They added it for all the right reasons: we need more power; we need to reduce our emissions; we need to deal with fuel poverty.

The only reason the Lib Dems have not yet reached the same position is that they have not, until now, had to get to grips with the reality of power. Huhne is in the hot seat. Is he up to the job?

The answer isn't something we can yet know. But if he really believes the agreement between the parties to put in place a floor price for carbon doesn't make new nuclear a probability, he is going to be no more than the titular holder of his post.