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John Hutton
Secretary of State for Business, Enterprise and Regulatory Reform
Department for Business, Enterprise & Regulatory Reform
1 Victoria Street
London SW1H 0ET

14 January 2008

Dear Mr Hutton,

Re: SERA warns Government not to waste tax-payers money on nuclear energy generation

SERA would like to express its disappointment at the Government's decision to allow companies to propose new nuclear power stations in England. While we support the Government's desire to tackle climate change and look at how the UK's energy sources can address this, we remain concerned that the decision has not addressed the considerable risks and uncertainties on the use of nuclear power and the decommissioning of nuclear waste, in particular safety and cost.

We note that the present focus of the nuclear industries' resources is on the clean up of the very dangerous Sellafield site, leaving most of the other 20 nuclear power sites at a standstill in the decommissioning process. This reveals the dangerous flaws that are inherent in a segregated market for nuclear energy production. The history of the industry, where sub-contractors and site license holding processes led to inadequate records, mismanagement, leaks and accidents, has also demonstrated that no amount of regulatory intervention will ever fully make this industry secure.

In addition to our concerns about the safety and sustainability of the UK's nuclear generating industry, the decision will send a confused signal to the energy market. Many investors are beginning to take an interest in supporting innovative and competitive generating technologies such as wind, wave, tidal, solar and small-scale generating technologies. Others, in particular Labour councils and community housing groups, are investing in on-site combined heating and electricity generating systems as well as other energy saving technologies.

These technologies are reliable and efficient. They can also be implemented within relatively short to medium term time scales allowing us to meet our EU 2020 targets for a 20% reduction in CO2 emissions and 20% renewable energy generation. A number of

models (including examples from the UK and other Northern European Countries) have demonstrated that over the long-term these technologies will guarantee affordable energy for all UK consumers, ensuring that we remove the disgraceful spectre of fuel poverty from the UK.

However, as with any capital investment, they can only be attractive if there is a reasonable prospect of a return on capital over the lifetime of the investment. By supporting nuclear power much of this certainty is removed. This cuts across your government's policy to support the move towards greater energy efficiency, energy security and a low-CO2 energy system.

The current structure and regulatory system for the energy market already favours large-scale generators, including nuclear. This has been demonstrated by the recent proposals for a new coal fired power station at Kingsnorth, which flies in the face of current Government energy policy and targets. Furthermore, the centralised system has only been profitable for the private sector due to the historic capital investment by the former publicly owned utilities. These were privatised at an under-value by a Conservative Government but it would, of course, be unthinkable nowadays to spend tax payers money to return considerable profits to shareholders.

SERA has been very much in support of the work which is being carried out by a number of Government departments, the Office for Climate Change and the Sustainable Development Commission to move the UK towards a low-carbon energy system. SERA will continue to work with these groups, Labour MPs, Government advisers, industry representatives, green groups and other interested parties to frame a new energy market vision and make the regulatory and fiscal changes that are needed to underpin that vision for the UK. We will bring together all of these groups to speak with you at an event that is already organised with your office for 18th March. We would urge you to continue to work to deliver a vision in the UK of a fully distributed energy system and to avoid any temptation to skew the market any further in the direction of nuclear and other centralised generation.

Kind regards,

Hugh Goulbourne (SERA Energy Coordinator) and Lydia Meryll (SERA Executive)

CC Gordon Brown MP, Hilary Benn MP, Malcolm Wicks MP, Stephen Timms MP and Alan Whitehead MP