



Nuclear Free Local Authorities Steering Committee

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NFLA media release - for immediate release, 30th June 2016

NFLA considers what Britain's vote to leave the EU could have on nuclear policy, energy policy and defence policy – initial views are of real uncertainty, investment issues and regulatory concerns

The Nuclear Free Local Authorities (NFLA) Steering Committee has instructed its Secretariat to develop an urgent report into the profound issues and changes that could occur as a result of the decision by 52% of the UK electorate who voted for the UK to leave the European Union (EU). This decision has already sent major shockwaves through British politics, European politics and the international stock markets.

NFLA's initial view is that the decision will have major repercussions for national and international nuclear policy, energy policy and defence policy, as well as affecting the financing and structure of local government.

Taking these in turn as follows:

Nuclear policy – there are a number of critical issues that will need to be addressed by the UK Government, the European Commission, the nuclear industry and nuclear regulators following the decision.

- It could have a negative impact on investment decisions for new nuclear build projects, particularly Hinkley Point C, but also at Wylfa and Sellafield Moorside. The financial risks to the project have increased and there is a real issue for the French Government in its support of EDF. Support in the UK Government for the project may change with new leadership in the Conservative Party. For example Boris Johnson has called the Hinkley C project an “absolutely crazy deal with the French, EDF Energy, to produce nuclear energy which shows no sign of working and looks like being unbelievably expensive at approximately £93 a kilowatt hour” (1) NFLA concurs with such a view.
- However, the decision may mean the Austrian legal challenge to the European Commission's approval of state aid for Hinkley C can not go further, allowing more flexibility to develop new nuclear projects in the UK if investment can be found.
- The place of the Euratom Treaty in UK law is now in question. All EU members are covered under the Euratom Treaty and its position in UK and EU law will need to be clarified. Euratom is both a supply agency, to provide nuclear fuel and co-ordinate uranium supplies; and implements safeguards on nuclear materials and at nuclear facilities to verify the UK has not diverted nuclear materials for military application. Euratom also commissions basic radiation protection and reactor safety and nuclear waste management research and development via the EU Joint Research Centres, for which the UK provides a substantial annual donation. An unaddressed question is in the event that the UK leaves this Treaty, who will replace Euratom in nuclear safeguards inspections, as the International Atomic Energy Agency (IAEA) is seen as being under-resourced and overstretched?
- The World Nuclear Association has commented that as many as 1,000 nuclear research jobs could go as £55 million of funding from the European Commission goes on such research.

Energy and climate change policy – leaving the EU could potentially allow a future UK Government to move away from EU commitments on carbon reductions and climate change targets and reduce pressure to move away from fossil fuels towards renewable energy. Other issues are also relevant.

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- It is unlikely the UK Government would move away from its 2020 carbon reduction targets as it is likely to be in a negotiation phase and transition phase with the EU during this period. However its commitments beyond 2020 could be reviewed by a future UK government that does not have to abide by the EU's challenging targets. In a speech the Energy Secretary Amber Rudd has acknowledged there will be greater challenges in meeting carbon reduction targets (2)
- Planned interconnectors supplying low carbon electricity between the UK and other countries like France, the Republic of Ireland, Belgium, the Netherlands and Norway may be put under review and cost more.
- The integrated single energy market and interconnector being planned between the Northern Ireland and Republic of Ireland Governments may be threatened by these changes. (3)
- The differing energy policies of the Scottish Government with the UK and Welsh Governments may disassociate further.
- Investment in renewable energy projects may be severely affected by the vote. Already Siemens has announced it is freezing all new investment planned in the UK on offshore wind and other renewable technologies. (4)
- The positive and progressive moves towards municipal energy and community energy could also be threatened. Much will depend on whether the UK determines to remain in the Internal Energy Market. The European Commission has been seeking greater transparency and regulation in the energy markets. UK and Irish local authorities remain concerned about high levels of fuel poverty and a number of them have been moving towards developing ESCO's (local authority energy services companies). NFLA supports the view of the Association for Public Sector Excellence (APSE) that "any new regulatory requirements, at a local level, should maximise the flexibility for local authorities to create and embed local energy solutions". (5)

Defence policy – the EU's role in defence and foreign policy is more limited but the UK has played a focal role within the EU in putting forward its interests and the strategic interests of the United States and NATO in a number of areas, such as economic sanctions on Russia, Iran and North Korea. The financial implications of leaving the EU may impact on the UK Government's budget and its ability to replace the Trident nuclear weapons system. The potential for a second referendum on Scottish independence also brings back the possibility of having to find an alternative naval base to host the Trident submarines, which previous analysis has said could cost tens of billions of pounds.

Local government – the vote will have a major impact on local government in the UK and on cross-border cooperation in Ireland. Many programmes looking to develop innovative new solutions in local energy would have sought EU funding for them. The potential for a short-term emergency budget that could see more cuts to local government budgets remains a real possibility. As an organisation that has members in the UK and the Republic of Ireland, the NFLA may also have to review how it operates on the island of Ireland, where its All-Ireland Forum has been highly effective – councillors from both sides of the border are very keen for this arrangement to continue.

A much more detailed review of these changes will take place by the NFLA over the summer as more information on the UK's relationship with the EU is clarified. NFLA's full cooperation with the Viennalised Cities for a Nuclear Free Europe (CNFE) will continue to be maintained to challenge the need for new nuclear across the continent, to call for improved nuclear safety and to promote a renewable and sustainable energy future in Europe.



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NFLA Chair Councillor Ernie Galsworthy said: "The decision by the public to vote to leave the European Union is a momentous one. Across all aspects of policy there will be profound change. NFLA will represent its members over this turbulent time to ensure its interests in nuclear policy, energy policy, defence policy and the future of local government are catered for. NFLA will challenge wherever it sees negative currents in any of these policies as it calls for continued international cooperation on reducing carbon emissions and on its popular cross-party national and international campaign for a nuclear weapons free world."

Ends

For more information contact Sean Morris, NFLA Secretary, on 0161 234 3244.

Notes for editors:

- (1) Statement made by Boris Johnson at the London Mayor's Question Time, 16th September 2015.
- (2) Guardian, 29th June 2016
<https://www.theguardian.com/environment/2016/jun/29/leaving-the-eu-will-make-it-harder-for-uk-to-tackle-climate-change>
- (3) NFLA All Ireland Forum Media Release on concerns over 'Brexit', 14th June 2016
<http://www.nuclearpolicy.info/news/nfla-all-ireland-forum-concerned-single-integrated-energy-market-threatened-brexit>
- (4) Siemens freezes new UK wind power investment following Brexit vote, The Guardian, 28th June 2016. <https://www.theguardian.com/environment/2016/jun/28/siemens-freezes-new-uk-wind-power-investment-following-brexit-vote>
- (5) APSE briefing to local authorities on the implications of 'Brexit' to local government. Sent directly to its members. Its general statement on 'Brexit' – <http://www.apse.org.uk/apse/index.cfm/news/2016/apse-statement-on-the-uk-exit-from-the-eu>

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