



By: Tomorrow's Affairs Staff

European confusion over nuclear power plants - who will pay the higher bills?



Europe's race towards achieving zero emission goals might slow down because of the ongoing disagreements over the treatment of nuclear power plants: are they green or not?

The EU is issuing contradictory answers, and the confusion is even more pronounced when the environmental justification of nuclear plants is extended to political and financial calculations within the bloc.

"This is historic", said the French Minister for Energy Transition, Agnès Pannier-Runacher, at the end of June, when the EU, after a long struggle, accepted the French position that electricity from nuclear power plants should be recognised as part of efforts to achieve decarbonisation goals.

"The Commission acknowledges that other sources of fossil-free energy than renewable energy contribute to reaching climate neutrality by 2050 for member states who decide to rely on such sources of energy", stated the conclusions of the EU energy ministers, which triggered satisfactory reactions in France.

"Other sources" of fossil-free energy means energy from nuclear power plants. Avoiding mentioning this seems like part of a compromise.

An influential nuclear coalition

France is the leader of the bloc within the EU seeking support not to exclude nuclear power plants from "green" strategies and, more significantly, that they remain an integral and significant part of them.

This is a sizeable and influential coalition with 14 other EU members (Belgium, Bulgaria, Croatia, the Czech Republic, Finland, the Netherlands, Romania, Slovakia, Slovenia,

Sweden, Hungary, Estonia, Italy, and Poland).

France, which has more than half of the nuclear reactors in the EU (56) and which relies on this source of supply for as much as 63%, uses its influence as the economic and political leader of the Union to promote nuclear power plants as a regular, sustainable European model for the future.

Plans of some EU members to expand their nuclear capacities with French technology also played a significant part in this victory.

However, the non-decision to extend state aid for existing nuclear facilities spoiled the celebration.

Bad news for France

Germany, Austria and Luxembourg objected and warned that France would particularly benefit from the continuation of state incentives for nuclear power plants and "distort the EU's internal market".

"If we are unable to find a mechanism that will enable us to extend power plants, we are going to run into major difficulties", warned French minister Agnès Pannier-Runacher.

The biggest uncertainty she warned European partners about concerned her domestic concerns - higher electricity bills - which French consumers will probably pay during the winter.

Due to its two-thirds share, the nuclear energy sector in France has a decisive influence on the domestic market. Although there is a downward trend in electricity prices at EU level, France has reason to be concerned.

Prices are now lower than at the peak of last year's crisis explosion regarding energy costs. However, projections say that at the beginning of 2024, French consumers will pay twice as much for electricity as in neighbouring Germany and Italy, or the UK.

Franco-German conflict

Disagreements in Europe regarding nuclear power plants as a significant source of supply which fulfils 25% of demand, boil down to a disagreement between France as a nuclear energy leader and Germany as a supporter of a nuclear-free market.

The last three nuclear reactors in Germany were shut down last April as the end of the systematic abandonment of this type of electricity production, which has been ongoing for 20 years under the influence of green policies.

However, the abandonment of nuclear energy, as the former leading green priority, has meanwhile been put on the back burner, and concerns about decarbonisation have arisen.

Furthermore, nuclear power plants are emerging as an indispensable factor in efforts to eliminate harmful gases and a significant participant in the energy transition.

"Nuclear power and hydropower form the backbone of low-carbon electricity generation. Together, they provide three-quarters of global low-carbon generation", the International Energy Agency (IEA) announced in 2019.

Falling behind the US

The EU's reluctance to support the nuclear sector more decisively in energy production has been at odds with trends in other developed energy markets, primarily in the US.

Last year's Inflation Reduction Act, as the largest state intervention in the harmful gases reduction, allocated about \$370 billion for projects that will lead to green goals.

A series of incentives considers the nuclear energy sector as a factor that will contribute to energy security and participate in the reduction of harmful gas emissions by 40% by the end of this decade, which is the US strategy goal.

One is the production tax credit, which should preserve the existing fleet of nuclear power plants by providing up to \$15 for each MW/h produced in nuclear power plants because they are zero-emission producers.

The reluctance of European decision-makers to support the nuclear energy sector is a consequence of the complicated internal coordination of the interests of individual members.

The consequence could only produce difficulties or delays in meeting the green agenda goals, one of the EU's top priorities.