FORATOM
THE VOICE OF THE EUROPEAN NUCLEAR INDUSTRY

Press Release

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Nuclear energy is key to a decarbonized EU

On 4 October 2016, FORATOM published a Position Paper entitled "*Nuclear power: a key contributor to a decarbonized EU*." The European Nuclear Energy Forum (ENEF) Plenary meeting, which is taking place in Bratislava, Slovakia, on 3-4 October 2016, is an opportunity to remind policy-makers of the role of nuclear energy in decarbonising the EU's electricity generating sector by 2050, while at the same time boosting the economy and securing the electricity supply.

Nuclear energy generates electricity in 14 of the 28 EU Member States, and currently provides 27% of Europe's electricity and 50% of its low carbon electricity. It contributes significantly to reducing dependence upon imported fossil fuels and as a mature technology with high availability, nuclear is well positioned to strengthen Europe's energy security.

However, the current unsustainable design of the electricity market and the lower prices of fossil fuels and of wholesale electricity mean the EU is facing a challenge to reach its 2030 climate policy objectives and COP21 commitments. Poorly targeted subsidies are distorting the energy market leading to overcapacity, low spot prices on the wholesale market and at the same time high consumer prices. Adequate long-term price signals for new energy investments are needed to incentivise investment in low carbon energy projects.

In the Position Paper, FORATOM calls for action on electricity market design in order to restore confidence among potential investors in power generation projects of all types, but in particular in large-scale, low-carbon generation projects such as new nuclear power plants. FORATOM recommends that long-term price signals such as bilateral long-term contracts or Contracts for Difference (CfDs) are needed to encourage investment.

All low-carbon technologies are capital intensive and their integration into the market requires long-term financial arrangements. As proposed by the International Energy Agency (IEA), a modulated market premium could be introduced until the Emissions Trading Scheme (ETS) results in effective carbon prices.

"*I urge the EC to propose a new Energy Market Design that facilitates investments, in all low-carbon energy sources, renewables and nuclear, in order to shape Europe's low-carbon energy. There should be no discrimination between technologies and all low-carbon energies should be able to compete on a level-playing field with fully transparent system and transmission costs. A technology neutral market will enable nuclear power to contribute to maintaining the balance and stability of Europe's grid, while reducing CO_2 emissions and boosting the economy."* Jean-Pol Poncelet, FORATOM Director General said.

For further information, please read FORATOM Position Paper.

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