

Japan's Hitachi freezes British nuclear project

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Hitachi had planned to build a new plant next to the decommissioned Wylfa Nuclear Power Station (pictured)

Hitachi said Thursday it would freeze construction of its stalled nuclear power station in Wales due to financing problems, a blow to Britain's nuclear strategy and a costly decision for the Japanese firm.

Shelving the project at the Wylfa Newydd plant on Anglesey, a small island off the Welsh coast, will cost the Japanese firm 300 billion yen (\$2.8 billion), it said.

Hitachi launched the three trillion yen project after acquiring Britain-based Horizon Nuclear Power in 2012.

The British government had reportedly agreed to finance two thirds of the construction cost, with Hitachi as well as Japanese and British investors scheduled to cover the balance.

But Hitachi's fund-raising efforts have been deadlocked at home while its request for additional investment from the British government has been shelved with London consumed by Brexit.

"Unfortunately, despite the best efforts of everyone involved, the parties have not been able to reach an agreement to the satisfaction of all concerned," Hitachi said.

The Japanese firm added: "As a result, Hitachi has decided to suspend the project at this time... as it is now clear that further time is needed to develop a financial structure" for the project.

It said it had made the decision based on its economic reasoning as a private company.

But in an apparent bid to reassure London of its commitment to the country, Hitachi also said it would "continue to discuss a nuclear power programme with the UK Government" which it hoped would "further contribute to UK energy policy."

Asked about the deal in parliament Wednesday, Prime Minister Theresa May said London wanted new [nuclear plants](#) to contribute to the

country's energy mix.

But she stressed: "We must also ensure that the cost of any energy that is provided by nuclear is at a reasonable level for the consumer."

'Unstable environment'

The unwelcome news comes as May is still reeling from a historic defeat over her Brexit deal but Hitachi CEO Toshiaki Higashihara told reporters that Britain's EU exit had had "no bearing" on the decision.

Nevertheless, one analyst said Brexit would make it harder to attract long-term investments such as in nuclear plants.



Toshiaki Higashihara said the decision had nothing to do with Brexit

Speaking to AFP ahead of the announcement, John Drzik, president of global risk and digital at US professional services giant Marsh, said that "cross-border investors in infrastructure are looking for stability in the legal, regulatory and political climate."

"If you have more confidence in that, you're more willing to invest. You have less confidence in that, you're going to pull back. It's going to be harder to attract foreign investors into an environment which is considered unstable," Drzik told AFP.

The halting of the project also deals a blow to Japan Inc's attempts to expand its nuclear power businesses overseas after the Fukushima disaster of March 2011 effectively halted demand for new reactors in Japan.

A massive tsunami triggered by a 9.0-magnitude earthquake in March 2011 overwhelmed reactor cooling systems at the Fukushima Daiichi plant in northeastern Japan.

It caused reactor meltdowns, releasing radiation in the most dangerous nuclear disaster since Chernobyl in 1986.

The crisis spurred Japan to strengthen its safety regulations under a new Nuclear Regulation Authority watchdog.

The accident also prompted nuclear power companies overseas to review their projects, a move that increased safety costs.

Toshiba has also been on the ropes after being forced to sell off its

troubled US nuclear energy firm Westinghouse, which racked up billions of dollars in losses before being placed under bankruptcy protection.

A Japanese-led consortium including Mitsubishi Heavy Industries is also reportedly scrapping a project in Turkey.

The setbacks have dealt a blow to Abe's efforts to help Japan Inc export its infrastructure—a key pillar of his business diplomacy.

For its part, the British government has placed nuclear power at the heart of its low-carbon energy policy, in stark contrast to Europe's biggest economy Germany, which vowed to phase it out in the wake of Fukushima.

British anti-nuclear campaigners and environmentalists have long denounced the government's steadfast commitment to nuclear power, urging it to focus instead on renewable sources like wind and solar to meet Britain's future energy needs.

"A clever move now would be for the government to accept that the nuclear bet didn't pay off, stop holding back renewables and have an urgent rethink about the future of UK energy," said Doug Parr, chief scientist for Greenpeace UK.

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