

UK wind electricity cheaper than nuclear: data

11 September 2017, by Roland Jackson



New offshore wind power is now cheaper than nuclear in Britain.

The price of electricity from offshore wind in Britain has dipped below the level guaranteed to Hinkley Point, raising questions about the construction of the vast nuclear power station.

The Department for Business, Energy and Industrial Strategy disclosed Monday the results of auctions for state subsidies for three new [wind](#) offshore farms.

Denmark's DONG Energy won the auction to build Hornsea Two, which will become the world's biggest offshore wind farm off the coast of Yorkshire in northern England.

Germany's Innogy and Norway's Statkraft won the auction for Triton Knoll off Lincolnshire in eastern England, while Moray in Scotland was won by a consortium comprising EDP Renovaveis of Portugal and ENGIE of France.

"The projects, which are set to generate over three gigawatts of electricity, enough to [power](#) 3.6 million

homes, demonstrate that the UK continues to be an attractive place to invest in clean energy," the department said in a statement.

The companies lodged bids for the so-called "strike price" they will be paid by the state for electricity generated, with the lowest amounts securing the deals.

Those prices have tumbled to £74.75 (82.36 euros, \$98.52) per megawatt hour for projects deliverable in 2021/2022, and to £57.50 for projects due in 2022/2023.

'Nail in the coffin'

The price of offshore wind has fallen far below that of nuclear, with the planned Hinkley Point C power plant in southwestern England having secured subsidies of £92.50 per megawatt hour.

The gigantic Hinkley project was awarded to a French-Chinese consortium—led by French giant EDF—last year but has been plagued by long delays and cost overruns.

"Today's results mean that both onshore and offshore wind are cheaper than gas and nuclear," noted trade body RenewableUK in a statement on Monday.

However, the Nuclear Industry Association cautioned in another statement that "one technology alone can't solve the UK's power challenge".

Wind and solar production have the drawback of being unpredictable, with countries needing to call on gas, coal or nuclear plants to raise output if there is no breeze or sun.

British government wind power subsidies have now halved since the last auction was held in 2015.

Environmentalists have long urged the government to focus on renewable sources like wind and solar power to meet Britain's energy needs.

Opponents have criticised the high guaranteed Hinkley price level, which is fixed over 35 years and rises with inflation.

Lawmaker Caroline Lucas, co-leader of the Green Party, said the massive price drop for offshore wind should be the "nail in the coffin" for new nuclear power.

"The government's undying commitment to new nuclear risks locking us into sky-high [prices](#) for years to come," Lucas warned.

'Big step forward'

Meanwhile, Michael Ware, partner at BDO's corporate finance division, said Monday's announcement raised questions over the future of tidal and wave energy—which are more costly.

"We were pleasantly surprised by the low price bids in the latest auction," Ware told AFP, describing it a "vindication" of government policy.

"However, it does beg the obvious question of where a £57.50 strike price leaves other nascent technologies, such as tidal and wave, which are probably not economically viable at that level.

"It also puts the (price) being paid for Hinkley Point into sharp perspective."

Nevertheless, Ware added it was "a big step forward in the transition to a renewable (energy) grid".

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