Dear Amyas,

The Contract for Difference for the Hinkley Point C Nuclear Power Station

I wrote to you on 26 March, following our earlier correspondence about a possible inquiry by the National Audit Office into the process and outcome of the Government/EDF deal on the Hinkley Point contract-for-difference and whether this represented value for money. We noted our December 2013 Energy Subsidies report which described how the deal in our view involved subsidy, and asked that any NAO review examine the extent to which the subsidies affect value for money.

Following the announcement last week that the deal, subsuming some changes instigated by the European Commission, had been cleared against State Aid rules, I am writing again on behalf of the Environmental Audit Committee to ask that you undertake such an investigation at the earliest opportunity. We would be grateful if you could let us know details of the timing of the start of the audit and when you would expect your report to be published. In light of our past work in this area, we would also be grateful if you could let us see, and grant us an opportunity to shape, the audit’s scope and the issues to be examined before these are announced.

Our report discussed the range of potential subsidies for the Hinkley Point contractor in our Energy Subsidies report, and these might affect value for money. Value for money might also be influenced by the operation of the levy control framework in which new nuclear contracts for difference and other low-carbon energy sources will have to compete, suggesting that value for money for Hinkley Point might have to be considered relative to other energy types. And the prospect of other potential new nuclear power stations and additional renewable electricity capacity might also impact on value for money, both in the period when the Renewables Obligation payments end and after.

We would appreciate it if you would meet us to discuss these matters and answer our questions.

Sincerely,

Joan Walley MP
Chair, Environmental Audit Committee