

Address to ENEF III, Bratislava 4 November 2008  
By Hans Grünfeld, president IFIEC Europe

Mr. President, ladies and gentlemen,

On behalf of IFIEC Europe, I thank you for the opportunity to give some input from the perspective of industrial energy consumers.

IFIEC Europe participated in the Working Group opportunities, because we highly value the work of ENEF.

For industrial energy consumers, the challenge is to find a solution to what Mr. Conti called “the energy equation”, which preserves the competitiveness of Europe’s industry. We have no doubt that, as Mrs. Herczog said, the discussion should be about “and-and-” rather than “or-or-solutions”. We need energy conservation and renewables, but we also need electricity production sources which are capable to serve the energy intensive industry. And, let me be clear, you can’t run a large chemical or other industrial complex on renewables. So, nuclear energy must be part of the fuel mix, just like fossil fuels, clean coal, renewables and cogeneration.

Having said that, including nuclear energy into the energy mix is not sufficient to guarantee competitively priced electricity. IFIEC Europe sees two alternatives to make this happen. Both options provide consumers with a long-term perspective on predictable, stable and competitive costs.

The first option involves a long-term contracts between energy producers and consumers. Sharing the risks, a part of the upfront investment cost is paid by the consumers as a fixed fee. A variable fee, representing the fuel and other operating costs, is paid over time as electricity is delivered. An example of this option is provided by the French Exeltium contract with EdF, linked to the Flamanville EPR project.

The second option involves financial participation by industrial consumers through a long-term partnership with energy companies. As a joint shareholders, industrial companies invest directly into new plant development, by attracting capital from the financial markets. As such, project associated risks for investors are mitigated, in return for secure electricity supplies at stable and predictable prices for consumers. Moreover, by providing equity, the use of market power by withdrawing capacity from the market is avoided. As industrial consumers remain partly exposed to the market, they have no incentive, nor interest, to help driving up market prices. Examples are the Olkiuoto-3 project as well as the Fennovoima and TVO projects in Finland.

Let me conclude. IFIEC Europe believes that a further development of nuclear power is indispensable to meet the EU’s targets of secure, competitive and sustainable energy supplies. The competitive advantage of nuclear must be translated into the prices to end-consumers. Evidence shows that long-term contracts, as well as long-term partnerships, can result in mutually beneficial arrangements. It is therefore that IFIEC Europe strongly supports the work of ENEF and will continue to do so in order to make these arrangements possible everywhere in Europe.

Thank you for your attention.