

Third Nuclear Player Enters U.K. Power Industry

Industrial Info News Alert

GALWAY, IRELAND--November 2, 2009--Researched by Industrial Info Resources (Sugar Land, Texas)-- After losing out on the original auctions for potential nuclear sites in the United Kingdom, a consortium led by GDF Suez (EPA:GSZ) (Paris, France) is back in the race following the £70 million (\$115.5 million) purchase of a site near Sellafield in Cumbria.

The consortium, comprising GDF Suez, Iberdrola Renovables SA (Valencia, Spain), and Scottish And Southern Energy plc (OTC:SSEZY) (SSE) (Perth, Scotland), has secured an option to purchase land for the development of a new nuclear power station in Sellafield. The area of land, comprising 190 hectares, lies to the north of the existing site in Sellafield. The sale is being overseen by the Nuclear Decommissioning Authority (NDA) and will involve the group paying an up-front payment of £19.5 million (\$32.2 million), followed by a further payment of at least £50.5 million (\$83.3 million) in the next six years. The group has plans to build up to 3.6 gigawatts (GW) of new nuclear capacity in the U.K., with work beginning in 2015. This brings total proposals for new nuclear power stations in the U.K. up to 16 GW.

Commenting on the acquisition, Alistair Phillips-Davies, energy supply director of SSE, said: "Nuclear power is a tried and tested way of generating power that can help meet energy security and climate change objectives, which we support. In line with our commitment to a diverse generation portfolio, we believe that some participation in new nuclear power stations makes sense and complements our core investment in renewable energy."

IIR Europe tipped the GDF Suez consortium as the most likely candidate for the Sellafield site in June when the NDA put the land up for sale. For additional information, see related news items from June 19, 2009 - U.K. Sellafield Site for New Nuclear Plant on Sale.

The consortium lost out earlier this year when it withdrew from the online auction for three sites in Wylfa, North Wales (178 hectares); Oldbury, Gloucestershire (48 hectares); and Bradwell, Essex (200 hectares). That auction exceeded all expectations, raising more than £387 million (\$638.8 million) for the NDA from winning bidders comprised of the U.K. subsidiaries of RWE AG (OTC:RWEQY) (Essen, Germany), E.ON AG (OTC:EONGY) (Dusseldorf, Germany) and EDF Development Company Limited, a part of Electricite de France SA (EPA:EDF) (Paris). For additional information, see May 1, 2009, news article - U.K. Nuclear Sites Sell for \$577 Million.

The sale has been welcomed by Energy and Climate Change Secretary Ed Miliband. "These latest plans, together with the ambition of existing plans from two other operators, mean that new nuclear could power the equivalent of all 26 million homes in the U.K." he said. "This sale is further proof that we're giving industry the confidence to invest and that the UK is creating a successful low carbon economy."

NDA Commercial Director John Clarke added: "The sale of this land is a significant milestone in our asset-disposal programme and follows on from the successful sale of land at three of our sites earlier this year. The £450 million [\$742.6 million] generated from these sales will be utilised to support the NDA's clean-up mission and is good news for the U.K. taxpayer."