

**Lord Hutton's speech for the JAIF annual conference, 24 April
2013.**

It is an enormous pleasure and a great honour to be here this morning and to have the opportunity of taking part in this important conference. Thank you for inviting me to say a few words.

I was last in Tokyo almost exactly a year ago when I accompanied the British Prime Minister, David Cameron, on a high level trade mission. During that visit I was delighted to sign with Hattori san a memorandum of understanding between the Nuclear Industry Association in the UK and the Japanese Atomic Industry Forum that will allow the two organisations to work more closely together on civil nuclear issues. This has already resulted in greater collaboration between the British and Japanese nuclear industries, to the benefit of both countries, and I am sure this will continue to grow.

A compelling example of the closer ties between us was the entry of Hitachi into the UK new build market through the purchase of Horizon Nuclear Power last year. This was not only an enormous

vote of confidence in the UK as a place in which to make nuclear investments, but with the introduction of the Advanced Boiling Water Reactor technology it will also enable the UK industry to experience and benefit from Japanese technical expertise in new plant design and construction. This is a tremendously exciting new development for us.

For its part, the UK brings substantial decommissioning and waste-management experience; and is sharing that expertise and technology with colleagues in Japan for the remediation, decontamination and decommissioning of the Fukushima nuclear site. There have been several fruitful visits and exchanges to explore co-operation and new business opportunities in those areas in the past year, and there is now a greater appreciation and awareness in Japan of the UK's capability in this area.

Nuclear is an increasingly international business that relies on the open exchange of experience and best practice to ensure safe, reliable and economic operations. Organisations like JAIF and the NIA have an important role to play in encouraging and facilitating collaboration and cooperation across national borders. I am pleased that my NIA colleague, Chris Savage, will be talking to you tomorrow about the consequences in the UK of effectively

abandoning plans for new nuclear build after the completion of Sizewell B in 1995. There are important lessons for Japan from that experience.

Sadly, any discussions about nuclear issues - particularly when they are taking place in Japan - need to be set in the context of events at Fukushima. The accident there over two years ago, the result of an unprecedented natural disaster which claimed the lives of up to 20,000 people, has had a profound impact on the nuclear industry worldwide, and provoked strong political and public reactions, particularly in Europe and of course in Japan. It also attracted intense global media interest.

Our thoughts and sympathies continue to go out to all of those whose lives were lost and devastated by the earthquake and tsunami. In addition, we owe an enormous debt of gratitude to the workforce at Fukushima for the outstanding courage and leadership they showed at the time of the tragedy and the resilience they have continued to show as they strive to restore the plant to a stable condition. They are an inspiration to us all.

Thankfully, the World Health Organisation has reported that for the general population in the wider Fukushima prefecture, across Japan and beyond, the predicted long term health risks are low, but it also noted that the psychological impact of the accident and evacuation "may have a consequence on health and wellbeing," and recommended that the Japanese government continue its programmes of monitoring and screening of people affected by the accident.

The events at Fukushima have understandably caused governments and nuclear industries around the world to reflect on their plans for the future development of nuclear energy in their countries. However, apart from a few notable exceptions such as Germany, the majority of countries with existing or planned nuclear programmes have confirmed their intention to proceed with those programmes.

My view, and this view is shared by the UK Government, is that the case for an expansion of low-carbon nuclear energy remains compelling, but clearly the lessons from Fukushima have to be studied, understood and applied to ensure that nuclear remains a

safe form of electricity generation, and that the public have confidence in the safe operation of nuclear plants and the safety standards of the industry.

The nuclear industry worldwide has to be prepared to learn and apply the lessons of Fukushima just as we did the lessons of Three Mile Island and Chernobyl. We will need to rise to this new challenge. A culture of complete transparency is going to be the critical foundation.

But on the fundamental question about how we can best secure our energy future, there remains in my view a vital need for new nuclear to help combat global carbon emissions, to provide reliable and secure supplies of electricity, particularly to nations around the globe experiencing rapid industrial expansion and rising energy demand, and to offer affordable, stably-priced generation at a time of volatile energy prices.

My remarks today will focus on the progress that the UK has made in recent years in turning around what was generally regarded as a sunset industry, enduring a slow decline, into one with much better prospects that is on course once again to be the cornerstone of the

nation's energy needs well into the future. I shall highlight what I believe are the essential pre-requisites for the successful development of nuclear power not just in the UK, but elsewhere in the world. In short, these are:

- Political support and commitment
- Public acceptance
- Investor confidence
- A stable and robust safety and operating culture

In the UK, following the commissioning of Sizewell B in 1995, we effectively wasted a decade when nuclear power was well and truly off the political agenda. The long term future for the industry appeared to be in decommissioning, and managing the nuclear legacy, in which we have extensive expertise and world-class capability. The consequences of this withdrawal from further nuclear development for the skills and capability of the UK industry will be explained tomorrow by Chris Savage, but it is a significant challenge to revive an industry that has been allowed to decline through lack of commitment and support.

I am proud to say it was the government I served in – Tony Blair's government – that first moved nuclear back up the political agenda

in an Energy White Paper in 2006 – and that I was the Secretary of State responsible for setting the policy framework for a new generation of nuclear power stations for the UK in 2008.

Since then progress has been rapid. We have had to adapt however to a constantly changing environment. A major event over which the nuclear industry had no control is the global economic crisis and its aftermath. The investment climate and the balance sheets of major investors have altered radically since the crisis began in 2008, and that was not foreseen when we were developing the new build policy.

Another development that had a direct impact on the new build programme in the UK was the reaction in Germany to the Fukushima accident that I have already mentioned. The political decision taken there was one of the principal reasons behind the decision of RWE and EON to abandon their plans to build new reactors in the UK under the Horizon joint venture.

Yet throughout these turbulent times the political commitment to nuclear has remained strong. In my time as Secretary of State I strongly encouraged a bi-partisan approach on energy policy –

especially nuclear, given the long term nature of the investment. I wanted, as far as possible to take the politics out of this issue. It is gratifying to see that the present coalition Government has continued the policies set in train during the previous administration. Such continuity of political commitment is crucial to providing the investor confidence needed for such large and long-term investments to be made. I don't see this changing.

Against this background, the role for Government is to remove the barriers to investment, and provide the incentive for companies to step up and revive a strong, vibrant and sustainable nuclear industry.

The policy measures we put in place are designed to give greater clarity and predictability to companies around such matters as the planning and licensing regimes which have contributed to significant delays and extra costs to developers in the past. Other measures deal with the funding of decommissioning and waste management activities, and with the market mechanisms to provide the economic underpinning to investments in low carbon technologies, including nuclear.

That strength of political commitment demonstrated through successful implementation of measures to permit the expansion of nuclear energy is one of the principal reasons why Hitachi decided to invest in Horizon Nuclear Power and reinstate plans to build up to six new reactors at two sites.

Last month the Government granted planning consent to EDF Energy's Hinkley Point C, which is another very important milestone towards the investment decisions that will enable that first new nuclear project to proceed.

In addition to providing confidence to investors, we in Government were also acutely conscious of the need to engage the public and take account of their views on what is a highly controversial issue that arouses strong emotions. To that end we embarked on a two year process of sophisticated public consultation between 2006 and 2008. This consisted of multiple public meetings, road shows and exhibitions and culminated in a simultaneous series of in-depth meetings – so-called deliberative consultations with professional facilitation - in fourteen UK cities involving a cross section of the population. At these events the government set out the reasons why it wished to pursue the nuclear option, stimulated

debate and discussion, and listened to the public's views and concerns.

While it was made clear during this consultation process that this was not a referendum on nuclear, we were willing and prepared to listen and take account of the views and concerns of the public. I believe that this elaborate and expensive consultation exercise, while lengthy, was instrumental in influencing public opinion in favour of nuclear, and this is reflected in public opinion polling, as I shall illustrate later.

The need to consult and inform the public, and listen to and address their concerns over issues such as waste and safety and economics, is absolutely essential and in today's world, a continuous endeavour. Gone are the days when governments could simply unilaterally decide, announce and defend controversial policies. All too frequently those policies have either been abandoned or watered down in the face of public opposition. The emergence of well-organised protest movements, backed by instant communications through social media have made the old approach unsustainable, and governments and industries need to adapt to that reality.

The reasons for the re-emergence of nuclear energy in the UK as one of the mainstays of our long term energy needs are simple – the country was and is facing a problem of security of energy supply as we become more and more dependent on imported energy supplies, especially of gas, and as our energy infrastructure ages and nuclear and coal stations face closure in the next ten to twenty years. The other reason is that without an expansion of low carbon sources of electricity – renewables and nuclear - we stood little chance of meeting our internationally binding obligations to reduce our carbon dioxide emissions.

Earlier I mentioned the impact of Fukushima on political and public reactions to nuclear energy. At a time when the UK is so advanced on a journey towards new nuclear build this is of course of the highest importance. Public support for nuclear remaining a significant part of the UK's energy mix, alongside other low carbon sources, has been strong for several years. Support dipped quite significantly in the months immediately after Fukushima, for understandable reasons, but interestingly has revived since then to levels of support that are higher than before Fukushima.

A survey by a leading national polling company YouGov, commissioned by the NIA in December last year shows over 70% of those polled believe Britain needs a mix of energy sources, including nuclear and renewables, to ensure a reliable supply of electricity.

A more recent survey, also by YouGov published in the Sunday Times newspaper in February, shows the highest proportion - over a quarter of the public - supporting nuclear energy to provide the nation's future energy needs as opposed to other energy sources. 18% favoured wind energy, and only 5% favoured gas.

However, the evidence shows that women, and to a lesser extent young people, are less favourable towards nuclear than men and older age groups. Moreover, there is still a desire among the public generally to know more about the industry, and have their particular concerns around waste management and safety addressed.

This is a clear message to us, the nuclear industry must continue to engage, to debate and to inform. In the UK the public supports us, but demands to be kept up-to-date.

Touching once again on the broad political consensus towards nuclear that the UK enjoys, 75% of Members of Parliament consistently either agree or strongly agree that building new nuclear power stations will be a major benefit to the UK's manufacturing and construction industries. This belief has support across all three of the major political parties.

I believe that one of the principal reasons for the revival in public support and the maintenance of political support for nuclear following the Fukushima accident was the pivotal and high profile role of the UK nuclear regulator, and in particular the Chief Nuclear Inspector, Dr Mike Weightman, in assessing and explaining the facts about Fukushima to the public. He, together with the Government's Chief Scientific Advisor, Professor Sir John Beddington, laid out those facts in a measured and responsible way, averting the kind of reactions we saw in some other European countries.

The public has to have confidence in the safe operation of nuclear plants and the safety standards of the industry. The two reports by Dr Weightman in May and October 2011, into the causes and

lessons to be learned for the UK from the tragic events of Fukushima revealed no reason on safety grounds either for curtailing the operation of existing plants in the UK, or for not going ahead with building new nuclear stations in the UK. He did however make over 30 recommendations for action by nuclear operators, and called for them to strive for continuous improvement in nuclear safety. Following publication of Dr Weightman's final report the Government reiterated that new nuclear was needed as part of the future energy mix.

Robust, expert, independent nuclear regulation is an essential feature of a healthy nuclear sector. This autonomy and independence from influence and interference from either government or the industry has to be demonstrable to inspire trust and respect for the regulator, and confidence in the regulatory process.

Today, as we meet here in Tokyo, one thing at least is clear – that right across the globe, nuclear energy will play an increasingly important role in satisfying the world's rising demand for cleaner energy. Japanese technology and expertise will lie at the heart of this global expansion programme, making available for future

generations, the learning and knowledge you have acquired over many decades. This will be of huge benefit to mankind as a whole. We look forward to working with you on this exciting journey.

Finally, let me end with this thought. Those of us in the industry who are promoting and delivering nuclear programmes must maintain an open and transparent approach in making the case for nuclear energy. We must also have the courage of our commitments. If we are not confident about our ability to deliver, we will not command the respect and confidence of the public, the politicians or the investors. This is our challenge. We must be ready to meet it.