

Alan Whitehead MP, Simon Hughes MP, Caroline Lucas MP, Zac Goldsmith MP

House of Commons
Westminster

27 March 2013

Amyas Morse
Comptroller and Auditor General
Energy, Climate Change, and Sustainability
National Audit Office
London SW1W 9SP

Dear Amyas

Set in the context of the proposed UK Energy Bill, ongoing Decc and Treasury negotiations with the French nuclear corporation EdF are key.

Through these negotiations, Decc are aiming to guarantee a set price for nuclear energy - a 'strike price'. The scale of the proposed 'Contract for Difference' (CfD) is potentially very large, and it is understood that the length of the proposed contract may last for a very long time.

It is important to note that, because of 'commercial confidentiality', there will be very limited public or Parliamentary access to information about key details of these non-reviewable contracts.

For such key negotiations, with such important outcomes (potentially locking in UK taxpayers and energy consumers to a 35-40 year contract), there are concerns that these talks may lack the necessary democratic accountability, fiscal and regulatory checks and balances.

It is also argued that one of the main impacts of this contract may be to shift the economic risk of building new nuclear facilities from the nuclear corporations to the taxpayer and consumer. And these risks may prove very large.

Further, it is possible that these negotiations will be subject to EC Competition Directorate inquiry as to whether the outcome of these negotiations may prove to be in contravention to EU state aid legislation.

Therefore, in the context of openness, transparency, fiscal and regulatory accountability, and 'best value' for the UK taxpayer and energy consumer - it seems reasonable to suggest that these negotiations should be subject to an in-depth and timely review.

We understand that the NAO cannot investigate issues that Parliament has passed judgement on. However these negotiations are currently ongoing, and Decc plans to present their outcomes to Parliament before the relevant legislation has been passed. In this sense, the issue seems clearly to fall within the remit of the NAO.

We therefore join together in requesting the National Audit Office to - at the soonest possible opportunity - engage in a detailed review of the form, function and potential outcomes of the negotiations between Treasury/Decc and EdF.

Please regard this letter as an initial preparatory approach. We, and our Parliamentary and expert advisors would welcome a meeting with you in order to discuss this matter in much greater detail.

Yours Sincerely



Alan Whitehead MP, Member of the Commons Select Committees on Energy and Climate Change and Environmental Audit, Chair of PRASEG (Associate Parliamentary Renewable and Sustainable Energy Group) and Co-Chair of APSRG (Associate Parliamentary Sustainable Resource Group).



Simon Hughes MP, Deputy leader of the Liberal Democrat Party, former Shadow Secretary of State for the Department of Energy and Climate Change.



Caroline Lucas, Green MP, Member of the Parliamentary Environmental Audit Committee, Co-Chair of the All Party Parliamentary Group on Fuel Poverty, Vice Chair of the Public and Commercial Services, Vice Chair of the All Party Parliamentary Group on Peak Oil and Gas, former Leader of the Green Party.



Zac Goldsmith MP, author of *The Constant Economy*, served as Deputy Chairman to the Conservative Quality of Life Policy Group.