Press release

ENERGYWATCHGROUP

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Energy Watch Group warns of the increasing cost of nuclear power

- independent scientists warning of the increasing cost of nuclear power
- price of uranium on the world market has increased rapidly in recent months
- A continuing uranium shortage will lead to further dramatic price increases.
- Widening gap between uranium production and consumption

Berlin, 28.6.2007

In view of the increasing uranium price the Energy Watch Group is issuing a warning that there is no way of maintaining or supporting the fiction that nuclear power can be had at a cheap or, at least, a stable, price. The price of uranium on the world market has risen twentyfold – from 7 US dollars per pound to 136 US dollars per pound (per pound uranium oxide, 25 June 2007).

Claims are often made that changes in the uranium price will have hardly any effect on the cost of nuclear power production. The Energy Watch Group's calculations show that current prices, and those which must be expected, demolish such hopes.
These calculations show that the current uranium price already means an additional 0.67 eurocents on the kilowatt-hour cost, which the power station operators put at 3 to 4 eurocents. Every further increase of 100 US dollars per pound of uranium oxide will mean a further kilowatt-hour price increase of 0.5 eurocents.

These increasing prices have not, though, resulted in the increased uranium production mandated by the conventional rules of economics. Quite the opposite; in fact; last year uranium production fell by 5%. New mining projects are suffering from repeated hold-ups. Reserves are shrinking.

Against this background the Energy Watch Group's scientistist state that it is realistic to expect price increases of several hundred US dollars per pound of uranium oxide. Today the mining capacity is only about 50% of what it was in 1980. Atpresent approximately 40% of the uranium required is being taken from reserves which have been mined in the 70th and 80th, but which will have been used up within the next few years. The dramatically increased uranium production that will then be necessary will not be achievable, as all worldwide announced plans for new mining projects will not be able to fill the gap between demand and supply. If nuclear energy were to be expanded as the IEA recommends, there will be a shortage of the fuel significantly sooner.

Evidently neither these recommendations, nor the German nuclear power station operators' demands for operating licence period extensions, have so far taken adequate account of the availability of uranium fuel. Neither are uranium resources a special case among resource-dependent sources of energy as was shown by, for example, the recently-published coal resources study.
A detailed analysis of the numbers can be found in the Energy Watch Group's "Uranium Resources" study (November 2006), and the detailed basis for calculating the effect of the uranium price on the price of nuclear power in the current background paper (see below, further information).
The Energy Watch Group believes that these facts make it essential to reduce the economic risks resulting from dependency on energy from raw materials. The group of scientists' next study will therefore deal with the growth potential of regenerative energies, and will be published soon.