

A levy on nuclear producers is right

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From Prof Eric De Keuleneer.

Sir, German chancellor Angela Merkel is wise to tax her nuclear producers (“[Merkel stands firm on nuclear tax plan](#)”, August 23) because these correspond very much to the rent seekers that plague the capitalist system, as you regularly denounce. The same applies in Belgium for nuclear producers: their rent comes from the accelerated depreciation they could impose on consumers during the 1980s and the 1990s, nuclear power plants having been built to last at least 40 years, and depreciated in 20 years. The extra costs of this accelerated depreciation were borne by electricity consumers at large, with no risk to the producers, organised in oligopolies with tariffs regulated on a cost-plus basis. This subsidy is not the only one enjoyed by nuclear producers, who enjoy a limitation of damage responsibility to a fraction of the potential costs (yes, like offshore oil producers used to).

As a result, the old, fully amortised nuclear power plants now produce electricity at a total cost of maximum €15-€17 per MWh. Since the market price is today at least about €50 per MWh for medium-term contracts, and the German levy would amount to €15 per MWh, it still leaves a very high profit margin on those power plants. The Belgian government has recently started raising a levy on those power plants, far too small at €5 per MWh, but future government parties want to increase that substantially. Nuclear producers in Belgium are screaming of course, and have also managed to produce protest reactions by “business leaders”, thanks to a combination of threats of apocalypse, selective supplies at privileged conditions, and a vast network of public and private “partners” who share a small part of the rent.

The general interest would certainly be well served if the rent accumulated by the nuclear producers in the past could be brought back to the general economy; in liberalised markets it is best to do that through taxes or a levy, which could serve to finance green electricity instead of charging its cost to consumers, and remunerate taxpayers and citizens at large who overpaid their electricity for years and who are currently providing the damage responsibility insurance at no cost. The German government should thus be ready for more lobbying propaganda, and should not be surprised if bankers, those other famous rent seekers, join the lobbying efforts, maybe as a matter of reciprocity for past lobbying in their favour.

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