INTERVIEW WITH
VINCENT DE RIVAZ Chief Executive, EDF Energy

ANDREW MARR: Vincent de Rivaz of EDF, who is one of the big six and who joins me now. Welcome Vaz, thanks for coming in.

VINCENT DE RIVAZ: Good morning.

ANDREW MARR: Now, the Chancellor was telling us, last week that fifty pounds was going to come off every energy bill, that’s not true is it, your customers are not going to get fifty pounds off.

VINCENT DE RIVAZ: Heightened bills are actually hurting... and it’s not good enough for the energy companies to say nothing can be done, that’s why we are the first to take action because I was confident that we will be able to bear down the cost and that’s why we have limited the rise of our bills in anticipation of what has happened, when the government decided in working jointly with the industry to find solutions to bear down the cost.

ANDREW MARR: So you made the cut ahead of time as it were, rather than afterwards, but to be clear your customers on fixed term contracts won’t see fifty pounds now coming off their bills.

VINCENT DE RIVAZ: There are a lot of our customers which are on fixed term contracts, it is good deal, and by the way Andrew, we have won in the last three years six hundred thousand customers but I think we need to work together, politicians and industry to address this real issue of the rising bills because they are a real issue, they are hurting and I think action can be taken. On the short term action can be taken and we are...(interjection)

ANDREW MARR: Have you assured it?

VINCENT DE RIVAZ: And I think more can be done.

ANDREW MARR: Have you been asked to freeze prices until 2015.

VINCENT DE RIVAZ: No we have not been asked to freeze prices. What I think is very important is that we have to work together to bear down the costs on the short term because we are this heightened bill issue which is a very big short term issue, at the same time we need to think about the long term, we need to invest in this country, massive investment.

ANDREW MARR: And I want to come onto that very much.
VINCENT DE RIVAZ: And keep the lights on and you know long term and short term, the challenge is the same. How to do that in an affordable way, how to do that in such a way that we do not abandon the vulnerable, that we do not drop our objectives and at the same time we keep the lights on, in making the investments (interjection) ....

ANDREW MARR: It’s very difficult and I want to talk about that in a minute. Just before I do however, what about the idea of price freeze, the labour idea of freezing prices for eighteen months or so. Would that work?

VINCENT DE RIVAZ: I mean the politicians are right to ask questions, they are right to challenge us and there are many ways to address this question, I think the best way frankly, is to join forces to bear down the cost; it is what we have proposed, we are the first to take action, and er, we need I think, to do more, in those areas, more opportunities to bear down the cost in the future.

ANDREW MARR: It has been said that if you could put in a price freeze the energy companies would simply raise the prices before the freeze came in and then the minute it finished, raise the prices again so it actually wouldn’t be a freeze, is that fair.

VINCENT DE RIVAZ: I think we should not behave like that, we have a responsibility; we should be a force for good and to be part of the solution. On the short term, as I have said we have taken action, on the long term we are also taking action and it is the full meaning of the deal, we have had with the government, recently, regarding massive investments that will be made in the UK, in the Somerset to build new nuclear power plants.

ANDREW MARR: Now as I understand it, because of the carbon agreements with the EU and so on, all our coal power stations have to be decommissioned by 2020, that as things are at the moment, that’s 40% of our total capacity, plus the fact that a lot of nuclear power stations are closing. Is it possible to keep the system running giving that level of closures?

VINCENT DE RIVAZ: Yes it is, if the investments are made and you know we are discussing a lot of all these matters. I believe that the government is taking action - the reform which has been taken, is working. Where is the evidence? The deal we have got with the government to invest sixteen billion in the UK economy in the Somerset, creating jobs, opportunities...

ANDREW MARR: This is the third nuclear power station at Hinkley Point.

VINCENT DE RIVAZ: Yes absolutely. This deal would not have happened if the government had not taken action to reform the market, to attract investors... (interjection)

ANDREW MARR: From China.

VINCENT DE RIVAZY: To create the confidence that investors need to have in the long term and at the same time at a fair price for the customers. The
customers will not pay a penny in the next decade whilst we are building these nuclear plants.

ANDREW MARR: Is this actually going to happen first of all, I mean it’s not been signed off yet has it.

VINCENT DE RIVAZ: I am very confident, of course we have some hurdles to overcome, causing the finals of the project as a whole, getting the clearance of Brussels, but we have the foundation of it, through this deal which was discussed and I have to say, I know for a fact that they were very tough negotiations, they took a long time and the government fought very hard on the tax payer’s behalf and ultimately I think we have a fair deal.

ANDREW MARR: But it’s a very, very expensive deal for the taxpayer. I mean, I think the government has guaranteed the price from this power station at double the current level of power for 35 years which is why the EU and many other are looking askance at this deal.

VINCENT DE RIVAZ: No, they are not looking at cancelling this deal, they are looking at.. (interjection)

ANDREW MARR: Askance. I just meant they’re unsure about it.

VINCENT DE RIVAZ: Ok. They are going to investigate as they should do, it is the rule, and we are prepared, it is totally expected, it is going ok and we can expect the decisions mid 2014 and the customers because we stand on the side of the customers, they will not pay one penny in the next decade whilst we will be building this plants.

ANDREW MARR: But then they'll pay a lot afterwards.

VINCENT DE RIVAZ: No they will pay, they will pay a price, which is a fair price which attracts investors confidence but at the same time fair for the customers, it will be a cheaper deal than the other technologies, it will be a price which will be, not be dependent on the future fuel imported with all the volatility of it. I think it’s a fair deal, and by the way, if it wasn’t a fair deal it would not be doable deal.

ANDREW MARR: Alright I was looking around for a kind of neutral source of the information about all of this because everybody’s a partisan player of one kind or another. The Royal Society of Engineering did a big report on energy security and they thought there was a serious danger, if just a few things went wrong of the lights going out next winter, were they right about that.

VINCENT DE RIVAZ: I think, we will get the lights on this winter, there is a reserve margin, what we have above what we use. Yes but we have enough for this winter.

ANDREW MARR: What about next winter, that’s the thing.
VINCENT DE RIVAZ: And for the next years what we need to do is, to make these investments that are required and to make them in a way which is affordable for the customers.

ANDREW MARR: What does that mean in terms of the kind of generation. Does that mean more nuclear.

VINCENT DE RIVAZ: There, there will be more nuclear because there is this first deal and I am sure there will be others after ours. There will be more renewables. I mean we need to, to pick up the right energy mix and at the same time, we need to keep our homes more energy efficient. That is our common challenge. It is a challenge that we will overcome, if we are working together; joining forces. I'm not ready to enter in any political row. I am not ready for that.

ANDREW MARR: Yet.

VINCENT DE RIVAZ: No, no. I’m not, it’s not my business. My business – it doesn’t help the customers. What does help the customers is to examine the costs, to see if there is a better way forward and I think there are better ways forward. We have proven recently in making a proposal and the government has taken action. It’s the first step. I think we should go further.

ANDREW MARR: So more nuclear power stations with different companies and different deals around the country for the future, you think.

VINCENT DE RIVAZ: Yeah and it attracts investors ... you have mentioned the Chinese.

ANDREW MARR: I have.

VINCENT DE RIVAZ: It is a very good and positive signal. Given the British Prime Minister was in China last week, the French Prime Minister was in China last week. We were together at the same time, more or less in China, which means that there are strong political leads between our three countries. We know these companies for thirty years, we have been, building, operating nuclear power plants in China with them. They would be our partners, the electricity market reform is working, it’s attracting investors. And I think it will help to keep the lights on, in a way which is affordable for the customers because we all need to stand... our fifteen thousand employees are very much a force for good, on the side of the customers.

ANDREW MARR: Thank you very much Vincent de Rivaz for joining us this morning.

END OF INTERVIEW WITH VINCENT DE RIVAZ