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# Book review

**PRIVATISATION AND FINANCIAL COLLAPSE IN THE NUCLEAR INDUSTRY. THE ORIGINS AND CAUSES OF THE BRITISH ENERGY CRISIS OF 2002**

S. Taylor. Routledge, 2007. ISBN 978-0-415-43175-0, £90, 272 pp.

It is tempting to think of this book as a 'whodunit' for the downfall of British Energy (BE) in 2002, and in some respects it is – but it is also something of a lament for what might have been, had circumstances and key decisions been different.

The author tells the story of the history of nuclear power for electricity generation in the UK, from the early Magnox plants, through the ill-fated advanced gas-cooled reactor (AGR) programme, the first attempts at privatisation in the late 1980s, the enormous improvements in operating performance (while still under public ownership) during the first half of the 1990s, followed by the privatisation in 1996 which created BE. The circumstances and events in the period 1996–2002 that led up to the financial collapse are explored in detail and are followed by an analysis of the reasons why BE was forced to seek government help in September 2002. The author concludes by comparing the UK's approach and experience of nuclear power with that of other countries, and summarising the 'multiple causes of failure' of BE.

This is an excellent book for students of UK energy policy and its interaction with financial markets, and the process of government decision making. It provides valuable lessons and insights into the challenges facing decision makers in the face of imperfect information, the dangers of misplaced optimism, competing interests and ideology, and the different time horizons of city investors and a high-capital-cost power-generation business. In doing so it touches on many issues, including delicate Anglo–Scottish politics. This is brought into sharp focus, for example, in the section of the book that deals with the failure of BE to complete a merger with one of the most successful regional electricity companies of the time, Southern Electric.

The author has an exceptionally clear writing style which, coupled with a straightforward overall structure, makes the book an accessible, enjoyable read. The author was part of the team at BZW that helped to float BE on the stock market in 1996, and continued as an equity analyst covering the nuclear industry until 2000. Among other sources, he draws on evidence from personal interviews with a number of those who were closely involved and this allows a fascinating picture to emerge.

The author concludes that the 'the story of British nuclear power is a discouraging one, especially because it has no villains, only engineers, civil servants, politicians and financiers trying honestly to do the best they could'. It is possible that this lets some of the main players off a little too lightly. The evidence presented by the author on fateful key decisions made by BE's management team, such as the failed merger with Southern Electric in 1997, the special dividend payment in 1999, and the 'top of the market' purchase of the Eggborough coal-fired power station (also in 1999), could each, at least arguably, be described as unforced errors. Collectively, these decisions (and other events outside of management control) appear to have left BE unprepared for, and extraordinarily exposed to, the lower electricity prices of 2002.

P. Heptonstall
Imperial College London