



11 March 2015

Dear Commissioner Vestager,

Subject: New elements on the State Aid case SA.34947 (Hinkley Point C)

On 8 October 2014, the Commission adopted a Decision on the state aid case SA.34947 for support to the Hinkley Point C Nuclear Power Station. Following on from our meeting with you last year we are now writing to express our concerns about the continuing uncertainty with regard to the financing of this new nuclear power station in the South West England, and around the decision of the late Commission to authorise state aid for this project.

Early estimates of the costs of Hinkley C were around £16bn, but these have risen considerably since then (your predecessor ex-Commissioner Almunia suggested that it could be closer to £34bn) and overruns and cost increases at Olkiluoto and Flammanville suggest that these estimates are unsafe. This raises cause for concern over the design of Hinkley which is the same as the two aforementioned reactors. Overall, the model is outdated and will be built (if ever) only three times before being dropped. Subsidies for such a flawed design are a complete waste of public money. Furthermore, there is mounting pressure on the project as a result of the court case to be brought by the Austrian Government, supported by Luxembourg, and other legal complaints potentially filed by competitors, who are directly affected by the decision. This is likely to further increase the projected costs.

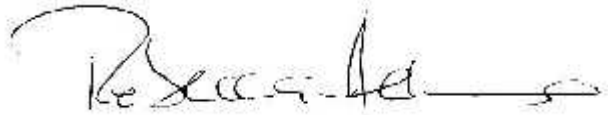
In this context we would like to highlight recent reports which show that Areva, the company with a 10% share in financing the project, is in grave financial trouble, reporting losses of nearly €5 billion and being downgraded from BB+ to BB- by Standard and Poor's. Currently EDF are proposing to finance 45-50% of the project, with 35-40% coming from Chinese state investors, and this final 10% coming from Areva. The suggestion that Areva may pull out of the deal, means that this 10% gap must be filled. As the project promoter, EDF is only considering minority participation (up to 49%); there seems to be no possibility for the project to show a 55% equity held by French companies, as foreseen in the scheme notified to the Commission.

According to recent reports, the UK Government is considering taking a 10% golden share in the project in order to secure "national interest", which significantly modifies the overall balance of the project and clearly constitutes a form of indirect state aid. Obviously the original Commission decision about the legality of state aid for this project was made on the basis of the existing financial arrangements. As it becomes clear that these are likely to change, we are writing to insist that the decision is reopened.

Last week we held a conference in London to draw attention to the excessive cost of nuclear subsidies and the distortions these are causing for renewable electricity generators. South West England is an area rich in a wide variety of renewable energy resources and the uncertainty surrounding the Hinkley development is having a chilling effect on investment in these industries. This is not only causing immediate economic damage, but is also undermining efforts to deal urgently with the need to reduce our carbon dioxide emissions.

We would be glad to hear your thoughts on this matter and are available to meet with you again should that be appropriate.

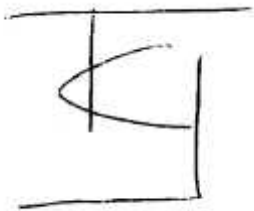
Yours sincerely,

A handwritten signature in black ink, appearing to read "Rebecca Harms". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rebecca Harms MEP

A handwritten signature in blue ink, appearing to read "Molly Scott Cato". The signature is cursive and somewhat stylized.

Molly Scott Cato MEP

A handwritten signature in black ink, appearing to read "Claude Turmes". The signature is very stylized, consisting of a few bold, geometric strokes.

Claude Turmes MEP

A handwritten signature in black ink, appearing to read "Michel Reimon". The signature is cursive and somewhat stylized, with a long horizontal stroke at the end.

Michel Reimon MEP