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MEP for South West England and Gibraltar
European Parliament
Rue Wiertz
Brussels

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Rt. Hon. Theresa May MP
Prime Minister
10 Downing Street
London SW1A 2AA

Dear Theresa

Re: Hinkley Point C

I welcomed your decision at the end of July to carefully review plans for a new nuclear power station at Hinkley Point in Somerset. Hinkley is within the South West constituency I represent and I am writing to raise a number of concerns about the proposed project.

There seems little doubt that this project will be extremely bad value for British tax payers. The Hinkley C reactor is expected to be the most expensive land project of all time. Greenpeace estimates the true cost could exceed £24bn (\$35bn), including the cost of servicing the borrowing required to complete the project. The cost of construction alone is extremely high at around £18bn (\$26bn). Furthermore, the deal agreed includes a commitment to pay £92.50 for each megawatt of electricity produced for 35 years, tying the UK to a rate that is double the current wholesale price of electricity and putting the competitiveness of the UK economy at considerable risk.

As you will be aware there is an ongoing legal challenge to the project, with Austria and Luxemburg currently involved in an appeal to the European Court of Justice over the Commission's decision to grant state aid approval for the project. They argue such subsidies are intended to support modern technologies that are in the general interest of all EU member states, a case which cannot be made for nuclear power.

The ECJ process could take between one and six years. The case is currently to be heard in the lower court. Since any judgement relies on interpreting basic Euratom treaty provisions, it is likely the applicants would appeal a negative outcome to the upper court, prolonging the process. It is unclear how the project can go ahead with a state aid challenge ongoing. If the case is successful, the UK Government's support scheme – including the strike price and guarantee – would be ruled unlawful and unenforceable, with any aid already received having to be repaid. What assurances can you give regarding the risk to consumers, or other liabilities if the challenge is successful?

This is generally accepted to be an important test case for EU member states, regardless of whether they number 27 or 28, so it is expected to continue despite the recent EU Referendum result in the UK. The outcome of the state aid case is also critical to France, where it is thought that state aid has also been used to recapitalize an indebted EDF. The recent opening of an investigation into the restructuring of the French state-owned nuclear reactor builder Areva sets an interesting precedent here, albeit the Hinkley case would be more complex.

There is a [further state aid challenge](#) from a group of renewable energy companies in Germany who say their prices will be affected by the Hinkley go-ahead. Given that these cases are ongoing, it seems likely that the UK would end up in an awkward, complex, or extremely hazardous legal situation with EDF if we push ahead on the basis of state aid agreements that have to be revised.

There are also technical concerns. It is clear that the Pressurised Water nuclear reactor (EPR) – the design proposed for Hinkley C – simply does not work. France’s nuclear safety watchdog has found [multiple malfunctioning valves](#) that could cause meltdown. The steel reactor vessel, which houses the plant’s nuclear fuel and confines its radioactivity, was found to have serious anomalies that increase the risk of cracking. This is of very real concern to my constituents, particularly in the immediate vicinity in Somerset, Devon and Gloucestershire. Can you give an assurance that Her Majesty’s Government will not allow works to begin at Hinkley C with unproven technology that has not yet been shown to be either viable or safe?

Apart from the obvious safety risks, the problems experienced by the EPR reactors being built at Flammanville in France and Olkiluoto in Finland have pushed the projects years behind schedule, causing costs to escalate. In the meantime, the Project poses a clear risk to our energy security. Hinkley C is expected to produce 7% of the UK's energy. But we know there will be no electricity from the new plant until *at least* 2025. This makes power blackouts over the next decade increasingly likely and the only way to avoid them is to rapidly invest in renewable energy, such as onshore wind and tidal power.

In October 2015 Bloomberg produced a report showing that onshore wind is now the cheapest way to generate electricity in [both the UK and Germany](#). It can also be deployed far more quickly. Yet support to the renewable energy industry has been cut dramatically, resulting in thousands of job losses across the South West region. I invite you to review a report I commissioned, [The Power to Transform the South West](#), which will give you a clear understanding of the potential renewable energy can offer, and to reconsider the Government’s position on this. It continues to be disappointing to hear ministers make outdated, ill-informed and inaccurate claims about the reliability of renewable power.

When the China National Nuclear Corporation (CNNC) and Guangdong Nuclear Power agreed to take a 33.5 per cent stake in the project this also raised a number of considerable additional concerns. I’m sure you are aware that CNNC is key to the military-industrial complex in China and involved in the manufacture of nuclear weapons. Both companies are part-owned by the Chinese Government and effectively under the control of the Chinese Communist Party. Chinese investment in such a sensitive sector could lay Britain open to future energy security issues, including ‘energy blackmail’.

Apart from the obvious security concerns associated with handing over an element of control for strategically important national infrastructure to the Chinese Communist Party, I am also concerned about the degree to which the UK must be turning a blind eye to human rights issues in China in order to secure commercial opportunities. By offering money to such companies from British consumers through their energy bills our government is forcing us to collude in the low human rights and environmental standards seen in China, which is simply unacceptable.

I would be grateful if you could respond to my concerns and look forward to hearing from you.

Yours sincerely



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Economics & Monetary Affairs Committee, Special Committee on Tax