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Joaquín ALMUNIA  
Vice President  
EU Commissioner for Competition  
European Competition  
BERL 11/238  
B-1049 Brüssel

3<sup>rd</sup> October 2014

Dear Commissioner,

I read with dismay that the European Commission is on the verge of approving the deal between the UK Government and EDF Energy to subsidise the proposed nuclear power station at Hinkley Point C in Somerset. (1) This could mean that UK electricity consumers are saddled with paying out up to £17.6 billion to EDF Energy and its Chinese partners over the 35 years from 2023, for a deal which has been stitched up without any sort of competitive process. (2)

Apparently a leaked paper, drafted by you and supported by Commission president José Manuel Barroso, recommends that the project, submitted by the UK Government, be approved almost entirely unchanged. (3) Yet in December 2013, the Commission's initial view raised doubts on almost all aspects of the project, stating that the *"aid would in principle be incompatible under EU state aid rules"*.

The leaked paper was reported the day before the UK Department of Energy and Climate Change (DECC) confirmed proposals scrap support for solar installations over 5MW from next April, despite the fact that the majority of respondents to its recent consultation opposed the proposals.

Britain's solar industry has the capability to deliver the same amount of electricity every year and at a comparable cost, as is expected to be produced by Hinkley Point C but in two years time rather than having to wait until 2023. (4)

There has been a flurry of reports over the past month from multinational investment banks predicting the continuing rise of solar capacity around the globe and plummeting prices. UBS declared that it is *"time to join the [solar] revolution"*, and that large centralised power stations, like Hinkley Point C, could be obsolete within 10 to 20 years. (5) Citibank has forecast that solar could reach grid parity in the UK as early as 2018. (6) Most recently HSBC has predicted that affordable battery storage will increase the use of solar panels on household and business rooftops, further reducing demand for electricity from the grid. (7)

Surely the job of the European Competition Commissioner is to make sure taxpayers' and electricity consumers' money is spent on the most cost effective measures to reduce carbon emissions and provide energy security. If Hinkley Point C had been subjected to a proper competitive process it couldn't possibly have

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PATRONS

Raymond Briggs, Julie Christie, Terry Jones, Caroline Lucas MP,  
Michael Meacher MP and John Williams.

progressed beyond the drawing board. There are many far most cost effective ways to provide the heat and light we need in the UK at the same time as reducing carbon emissions.

Please urgently reconsider this decision, and order the UK Government to subject the Hinkley proposals to a proper competitive process. If you don't you will be allowing UK consumers to be saddled with eye-wateringly high electricity bills for decades to come.

Sincerely,

Valerie Davey  
Membership Secretary & Treasurer

#### Notes.

- (1) See Greenpeace Press Release 1st October 2014 <http://www.greenpeace.org/eu-unit/en/News/2014/Leaked-paper-shows-Commission-could-grant-unprecedented-taxpayer-funding-for-Hinkley-nuclear-power-station/>
- (2) Telegraph 31st Jan 2014 <http://www.telegraph.co.uk/finance/newsbysector/energy/10611003/Nuclear-setback-as-EC-attacks-Hinkley-Point-subsidy-deal.html>
- (3) Der Spiegel 1st October 2014 <http://www.spiegel.de/politik/ausland/beihilfen-bruessel-knickt-vor-atomlobby-ein-a-994700.html>
- (4) Renewable energy boss tells PM solar power could match Hinkley in two years, Nextgen 24th October 2013 <http://www.nextgenmedia.co.uk/news/solar/809-renewable-energyboss-tells-pm-solar-power-could-match-hinkley-in-2-years>
- (5) Will Solar, batteries and electric cars re-shape the electricity system? UBS 20th August 2014 <https://neo.ubs.com/shared/d1V0tO4LmKMZuB3> A summary of the report is published in The Guardian 27th August 2014 <http://www.theguardian.com/environment/2014/aug/27/ubs-investors-renewables-revolution>
- (6) Citi 28th July 2014, Energy 2020: The Revolution will not be televised as Disruptors Multiply <https://ir.citi.com/ceUKTj9wAJSPHBmpGoRGfQYz1rZm8CKVCFO7wPNIGAz7%2feoGJhCRKXBw2LnpF%2bmPt5wCNmiHlw%3d> See Business Green 15th August 2014 <http://www.businessgreen.com/bg/news/2360377/citigroup-solar-set-to-shine-as-costs-plummet>
- (7) Renew Economy 1st October 2014 <http://reneweconomy.com.au/2014/energy-storage-generators-biggest-losers-50615>