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Joint Press Release

Subsidies for European nuclear project cause major damage to the renewable energies industry

Ten companies take legal action against the European Commission's decision on State Aid for Hinkley Point C

Berlin, 2 July 2015. An alliance of green power suppliers and municipal utilities is taking legal action against State Aid for the British nuclear power plant Hinkley Point C. In a few days, ten companies will file a plea for annulment at the Court of Justice of the European Union in Luxembourg. The Bundestag is voting this evening on whether Germany should also take legal action against the contested State Aid. Greenpeace Energy, Energieversorgung Filstal, Austrian energy producer oekostrom AG, and the municipal utilities of Aalen, Bietigheim-Bissingen, Bochum, Mainz, Mühlacker, Schwäbisch Hall and Tübingen are jointly lodging an appeal against a decision of the European Commission that approves subsidies amounting to more than one hundred billion Euros for a new build nuclear power plant. In a new study, the action alliance documents that Hinkley Point C, together with other proposed nuclear power plant projects in Europe, could affect prices in Germany's electricity market by up to 12 per cent and thereby massively distort competition.

"We are taking legal action against these exorbitant nuclear subsidies because they appear to be ecologically and economically senseless and signify serious disadvantages for other energy providers, for renewables, and for consumers", says Sönke Tangermann, managing director of Greenpeace Energy. Calculations made on behalf of Greenpeace Energy show that alone the state-guaranteed remuneration (feed-in tariff) for Hinkley Point C over a period of 35 years, including adjustments for inflation, adds up to EUR 108 billion. The British government is also providing credit guarantees for the construction of the nuclear power plant that amount to more than EUR 20 billion as well as other guarantees for investors.

"The European Commission's decision threatens to have negative consequences for our environmentally sound production plants", says Dr Achim Kötzle, executive director of energy management at Tübingen's municipal utility, speaking for eight municipal utilities in the action alliance. Kötzle sees the approval of State Aid for Hinkley Point C sending "a lasting and negative signal" to the economic and investment activities of municipal utilities that are committed to a regional energy supply and the development of renewable energies and cogeneration. "If the State Aid model in Britain becomes accepted – and there are strong signals coming from Poland, the Czech Republic and Hungary on this – then it looks very bleak for Germany's energy transition and decentralised energy supply", says Kötzle.

A new study commissioned by the action alliance substantiates this concern. "If the State Aid scheme for Hinkley Point C serves as a model for other nuclear power plant projects in Europe, it will have enormous consequences for Germany's electricity market in coming years", says Thorsten

Lenck, who headed the study's preparation at Energy Brainpool, an analysis institute in Berlin. On behalf of the action alliance, the institute calculated that highly subsidised nuclear power plants currently under planning in six EU Member States could lower the wholesale price of electricity in Germany by as much as 11.8 per cent. A megawatt-hour of 'grey' electricity (which also contains nuclear power) on the electricity exchange would decrease in price by as much as EUR 5.70, thereby creating major competitive disadvantages for the providers of green power. "The drop in the wholesale price of power would add costs to the system set out in Germany's Renewable Energies Act (EEG) amounting to as much as EUR 2.2 billion a year by 2040," says Lenck. Higher differential costs would make the new build of nuclear power plants in the EU noticeable to consumers in Germany. An average four-person household would have to pay up to EUR 16.40 more each year for the EEG's renewable energy surcharge – only because of the price effect caused by highly subsidised nuclear power from other countries.

"Hinkley Point C must not be a door opener for the return of hazardous and expensive nuclear power in Europe", says Sönke Tangermann with a view to today's vote in the Bundestag. "Now is the last chance for the German government to follow through on its own energy policies and support parties taking legal action, or go to court itself against the State Aid decision of the European Commission – just as Austria, Luxembourg and our action alliance have already done."

Germany's Ministry for Economic Affairs and Energy, as the responsible ministry, has thus far pointed out the allegedly low chances of success with legal action. However, the action alliance believes that the European Commission's approval of State Aid for a nuclear power plant contains numerous legal errors. "In contrast to the Commission's argumentation, the expansion of nuclear power is not in the common interests of the European Union; in fact it is illegal today in many Member States", explains Dr Dörte Fouquet, partner at the internationally active law firm Becker Büttner Held.

A specialist for legal proceedings in energy, Dr Fouquet is representing the action alliance before the Court of Justice of the European Union. She has discovered several other weaknesses and manifest errors of assessment in the Commission's decision. For instance, the Commission ignored the fact that there was no tendering procedure for Hinkley Point C. And, the "Euratom Treaty, which the Commission relied on for its argumentation, does not substantiate State Aid." On the whole, the European Commission applied an incorrect evaluation benchmark because these British subsidies are an unlawful State Aid and not an investment aid. Moreover, adds Fouquet, there is no general failure of the energy market which could justify these proposed subsidies.

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Notes to editors: A fact sheet with the most important information and an overview of the members of the action alliance is in the press folder in German and English for downloading at www.greenpeace-energy.de/presse.html.