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## BUSINESS

# U.K. Approves Hinkley Point Nuclear Project With EDF

Under plan for \$24 billion plant, U.K. to introduce new measures to safeguard future foreign investment



The site where the Hinkley Point C nuclear power station is set to be built in southwest England. The French government and EDF have welcomed the decision to proceed with the project. *PHOTO: REUTERS*

By **JENNY GROSS**, **NICHOLAS WINNING** and **MICHAEL WRIGHT**

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LONDON—The U.K. government on Thursday said it had approved the building of a controversial nuclear power station, the country's first in a generation, after it had frustrated investors in China and France by delaying a decision.

Britain's new prime minister, Theresa May, had in July postponed a decision on the £18 billion (\$23.8 billion) project at Hinkley Point, in southwest England, wanting additional time to review the deal, including security implications. The move raised questions about whether she would take a more cautious approach to foreign investment than her predecessor; her decision to proceed suggests she wants to signal the U.K. remains open to foreign investment.

But Mrs. May's government said it had added conditions, including that it would impose a new legal framework that will mean it can intervene in the sale of the controlling stake owned by *Électricité de France SA*, or EDF, the utility company partly owned by the French state.

The government also said it would take a "special share" in all future nuclear building projects to prevent significant stakes being sold without government approval and that it would make changes to ensure the full implications of foreign ownership of critical U.K. infrastructure are scrutinized for the purposes of national security.

China General Nuclear Power Corp., which is providing about a third of the funding for the plant, said it was "delighted" with the British government's decision. "CGN looks forward to leveraging its 30 years' experience in nuclear construction and operation and playing an important role in meeting the U.K.'s future energy needs," the Chinese company said.

Chinese leaders and senior officials lobbied hard for the project and CGN's role in it. In a statement, China's foreign ministry said it welcomed Britain's decision, which it said was "in accordance with the interests of all parties" involved in the nuclear project.

The French government and EDF also welcomed the decision, with one EDF company official saying the changes requested by the U.K. government were minor and there was no need for new negotiations.



An undated handout image released by EDF in London on July 28 shows a computer generated image of the Hinkley Point C plant. *PHOTO: AGENCE FRANCE-PRESSE/GETTY IMAGES*

The utility company's Chief Executive Jean-Bernard Lévy said the company is open to discussing a possible stake sale in the project with the U.K. government when or if

needed. “EDF will keep a controlling stake in the project. We have two thirds of the capital, there could be changes later on, but it’s not on the agenda.”

Critics have long raised issues about the deal, including security concerns about China having access to critical infrastructure. Under the agreement between EDF and CGN, the companies will build two French-designed reactors at Hinkley Point. They also will seek approvals from U.K. regulators for the Chinese Hualong reactor to be built at Bradwell, in Essex, east England – which would be the first Chinese-built nuclear reactor in the West.

Critics have also cited guarantees made by the U.K. government to the Hinkley Point developers for power prices more than double the current price and that that hike might be passed on to electricity consumers.

The U.K. government said the new Hinkley Point plant is expected to provide 7% of Britain’s electricity needs for 60 years, adding that 26,000 jobs and apprenticeships will be created.

In Parliament Thursday, Greg Clark, the U.K. minister responsible for business, industry and energy, defended the government’s move to take more time in considering the deal. He also said that the changes – both to the Hinkley deal and other projects going forward – will “remedy the weaknesses of the previous regime for foreign ownership of critical infrastructure.”

”It’s important that the right balance between welcoming foreign investment and ensuring that it serves the national interest,” he added.

Business groups in the U.K. broadly welcomed the announcement as an encouraging sign that major U.K. infrastructure projects were going ahead, but some also raised concerns about the cost of the Hinkley development.

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Kerry Brown, professor of Chinese Studies and director of the Lau China Institute at King’s College, said the approval was inevitable given

the U.K.’s energy supply is under pressure and that the U.K. must rely on nontraditional partners like China for investment even more as it prepares to leave the European

Union. “Britain is not really in a position to say no to China now,” he said.

The project has also proved controversial in France, with some senior EDF officials and labor unions worried about its impact on the company’s finances. One board member resigned over the issue in July as did Chief Financial Officer Thomas Piquemal in March.

Concerns have also been raised that two other projects in Europe using the same reactor technology are years behind schedule and billions over budget.

*—Brian Spegele in Beijing, Inti Landauro in Paris, and Benoit Faucon in London contributed to this article.*

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