

HERBERT SMITH FREEHILLS ADVISES EDF ON SECURING INTERNATIONAL INVESTMENTS INTO HINKLEY POINT C AND SEALING AGREEMENTS WITH GOVERNMENT AND SUPPLIERS

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News

Herbert Smith Freehills is delighted that yesterday its long-standing client EDF has reached a milestone in its project to build a new nuclear power station at Hinkley Point C in the UK. The main conditions to allow the project to go ahead are now in place.

EDF Group and China General Nuclear Corporation (CGN) yesterday signed a Strategic Investment Agreement for the construction and operation of the proposed Hinkley Point C nuclear power station in Somerset, as well as development of further projects at the Sizewell site in Suffolk and the Bradwell site in Essex. The signings took place in the presence of the Chinese President, Xi Jinping, and the British Prime Minister, David Cameron. CGN will make its investment in the UK through a joint venture company called General Nuclear International (GNI).

All the agreements between EDF and the UK Government for Hinkley Point C as well as the contracts with key suppliers (Areva NP, Alstom France, Bouygues TP/Laing O'Rourke and BAM Nuttal/Kier Infrastructure) are now in final agreed form. These include the Contract for Difference and the Funded Decommissioning Programme (FDP), which is the first FDP under the 2008 Act to be approved by the Secretary of State.

EDF's share in Hinkley Point C will be 66.5% and GNI's will be 33.5%. Without reducing this initial stake below 50%, EDF intends to bring other investors into the project following the commissioning of similar EPR reactors at Taishan in China and Flamanville in France.

Julia Pyke, Herbert Smith Freehills' partner and co-head of Nuclear has been leading a cross-practice, London-based team since the inception of EDF's new nuclear program in the UK. The team of more than 30 lawyers includes Shekhar Sumit, Xanthe Woodhead, Hannah Roscoe and Paul Butcher (advising on the CfD, FDP and Waste Transfer Contracts), Matthew Job and Nadine Kilpatrick (leading on negotiations in relation to the guarantee by Her Majesty's Treasury in respect of project debt), Steven Dalton and Matthew Warren (leading on negotiations with CGN and other potential equity investors with input from Monica Sun), Howard Murray (leading on tax), Matthew White, Catherine Howard, James Barnes and Julian Pollock (leading on planning and real estate), Jillian Chung (advising on the NSSS contract), David Wilson and Alex Morgan (on intellectual property) and Lode Van Den Hende (on state aid).

Julia commented:

"It is a privilege to work with the EDF team and, together, we have achieved some very significant milestones for new nuclear development in the UK."

Herbert Smith Freehills has advised long-standing client EDF Energy on agreements to build the UK's first nuclear power plant for a generation, with the development of two European Pressurised Reactors at the Hinkley Point C site in Somerset.

Since 2009, HSF has advised on issues including land acquisition, planning and other consents, the acquisition of British Energy, electricity market reform, the CfD, the Funded Decommissioning Programme, Contracts for Transfer of Spent Fuel and ILW, route to market for the power generated, State Aid, intellectual property, fuel supply, the contract for the Nuclear Steam Supply System, the HM Treasury guaranteed bond project financing, and equity arrangements with Chinese investors (including on Sizewell and Bradwell).

About Herbert Smith Freehills

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