

Update on Hinkley Point C project

The Hinkley Point C project successfully delivered J-0, the completion of the nuclear island “common raft” for its first unit in June 2019, in line with the schedule announced in September 2016.

Following this major milestone a detailed review of the project’s costs, schedule and organisation was performed. The review has concluded that:

- The next milestone of completing the common raft for Unit 2 in June 2020, which was announced earlier this year, is confirmed ;
- The previously communicated risk of COD delay of unit one and two (of 15 months and nine months respectively) has increased⁽¹⁾
- The project completion cost ⁽²⁾ is now estimated between £21.5bn and £22.5bn, an increase of £1.9bn to £2.9bn⁽³⁾ compared to the previous estimate.

The range depends on the effectiveness of action plans to be delivered in partnership with contractors.

Cost increases reflect challenging ground conditions which made earthworks more expensive than anticipated, revised action plan targets and extra costs needed to implement the completed functional design, which has been adapted for a first-of-a-kind application in the UK context.

Under the terms of the Contract for Difference, there is no impact for UK consumers or taxpayers.

EDF’s project rate of return for Hinkley Point C (IRR)⁽⁴⁾ is now estimated between 7.6% and 7.8%.

The management of the project remains mobilised to begin generating power from Unit 1 at the end of 2025. To achieve this, operational action plans overseen by the project management are being put in place. These involve the EDF Group’s engineering teams in Great Britain and France, buildings and ancillary works contractors, and suppliers of equipment and systems throughout the supply chain.

(1) As previously communicated in July 2017, if this risk were to materialise, it would entail an additional cost of around £0.7bn in 2015 sterling. Under this assumption the IRR for EDF would be lower by 0.3%.

(2) In 2015 sterling, excluding interim interest and excluding forex effect versus the reference exchange rate for the project of 1 sterling = 1.23 euro.

(3) Additional costs net of action plans

(4) EDF equity IRR calculated at the exchange rate 1 sterling = 1.15 euro and including the capped compensation mechanism in place between shareholders.

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(1)The customers were counted at the end of 2018 per delivery site; a customer can have two delivery points: one for electricity and another for gas

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