

Compensation protocol for the closure of the Fessenheim nuclear plant

At a meeting held on 24 January 2017, the EDF Board of Directors examined the terms of the protocol negotiated between the company and the French State in order to set the terms governing compensation for the damage suffered by the company as the result of the closure of the Fessenheim nuclear power plant, in application of the law on energy transition of 17 August 2015. This law sets a ceiling of 63.2 GW for installed nuclear electricity generation capacity in France. This means that the commissioning of the Flamanville 3 EPR is conditional upon the shutdown, on the same date, of an equivalent generation capacity.

The Board of Directors was informed of the unanimously negative opinion submitted by the EDF Works Council on 10 January 2017.

The Board approved the terms of the protocol and authorised the CEO to sign it on behalf of EDF in due course. The protocol provides for the following compensation for EDF:

- a fixed initial portion covering the anticipated costs associated with the closure (costs of staff retraining, decommissioning, the INB tax and "post-operation" costs). This fixed portion is currently estimated at approximately €490 million, 20% of which would be paid in 2019 and 80% in 2021;
- a further, variable portion giving rise, where applicable, to subsequent payments reflecting EDF's shortfall up to 2041. This will be determined on the basis of market prices and EDF's 900 MW generation volumes, without Fessenheim, as established over that period. EDF's partners in the power plant (EnBW and CNP) will be entitled, under certain conditions, to receive a share of the shortfall compensation in proportion to their contractual rights over the generation capacity of the power plant.

In addition, the closure of the Fessenheim plant requires a decree revoking the licence to operate the power plant, to be issued at the request of the company and which, in application of the law, will take effect at the same time as the commissioning of the Flamanville 3 EPR, scheduled for late 2018.

In the corporate interests of EDF, and in order to comply with the statutory ceiling of 63.2 GW, the Board has made the submission of this request for revocation subject to the entry into effect of the permissions necessary to proceed with the construction of Flamanville 3 and the continued operation of Paluel 2, which is currently shut down, and also confirmation from the European Commission that the protocol complies with State aid regulations.

The Board has decided that the submission of this application for revocation will give rise to further deliberation on its part to establish that these conditions are met.

Jean-Bernard Lévy, President and Chief Executive Officer of EDF, stated: *"With this decision on the part of its Board of Directors, EDF is guaranteeing compliance with legislation imposing a ceiling for France's installed nuclear electricity generation capacity, while at the same time safeguarding to the utmost the interests of the company and its customers. I must commend the efforts of employees and service providers at Fessenheim who operate our industrial facility in absolute safety and with excellent performance. I assure them of my deepest concern for their future under all circumstances."*

* INB : Installation Nucléaire de Base (Basic Nuclear Facility)

A key player in energy transition, the EDF Group is an integrated electricity company, active in all areas of the business: generation, transmission, distribution, energy supply and trading, energy services. A global leader in low-carbon energies, the Group has developed a diversified generation mix based on nuclear power, hydropower, new renewable energies and thermal energy. The Group is involved in supplying energy and services to approximately 37.6 million customers, of which 27.8 million in France. The Group generated consolidated sales of €75 billion in 2015, of which 47.2% outside of France. EDF is listed on the Paris Stock Exchange.

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