

EREF

European Renewable Energies Federation

PRESS RELEASE

24. October 2006

The EREF welcomed today's decision by the European Commission to respond to part of the federation's complaint to open a full state aid investigation into French export guarantees for the construction of a new nuclear reactor in Finland.

However EREF President Peter Danielsson said the federation was disappointed that the Commission took nearly two years to launch the investigation and still will not examine other important aspects of the federation's December 2004 complaint.

Danielsson said other important issues were; a low interest loan of 1.95 billion euros involving the German public bank, Bayerische Landesbank, for more than 60 percent of the purchase price paid by Finnish industrial consortium TVO, and 100 million euros in export credits provided by the Swedish export credit agency.

"This is a showcase project for the European nuclear industry project and it would not have happened without numerous acts of government assistance that in our opinion violate European Union law and distort the European electricity market," said Danielsson.

He said the Commission should have immediately declared this aid scheme as being unlawful. The European Commission has a consistent ruling identifying intra-community state guarantees as illegal state aid, he said.

The Commission today announced a formal investigation into granting of export credit insurance of 570 million euros by the French export credit agency (COFACE) to France's state-owned nuclear group Areva, which is a joint venture partner with German engineering group Siemens AG in Framatome ANP which is building the 1600 megawatt reactor.

It said that the provision of such a guarantee may have lowered TVO's financial costs below the levels corresponding to market conditions. The guarantee may also have lowered the financial costs linked to the Areva/Siemens offer for TVO and, thereby helped the consortium Areva/Siemens to get the contract for the construction of the new nuclear power plant.

COFACE insures exporters and banks against risk of non-payment due to commercial or political reasons and is normally only given to projects which are uninsurable on the private market and focuses on projects developing countries. The COFACE guarantee for AREVA is the only one granted for a project located in the EU and is the second highest the agency has ever given.

President: Peter Danielsson (SERO Sveriges Energiföreningars RiksOrganisation, Sweden),
Kungsgårdsvägen 50, S - 68154 Kristinehamn,
Tel.: +46 550 13761, Fax: +46 550 16483

EREF – Brussels Representative Office – Avenue de la Fauconnerie 73, B-1170 Brussels,
Tel.: + 32 2 6724367, Fax: +32 2 6727016
www.eref-europe.org

The federation, a trade group of independent producers of renewable energy producers and others, argued in a complaint to the EU executive that German, French, Swedish and Finnish governments had provided illegal state aid and other financial incentives to the 3.2 billion euro project in violation of European Union law.

“EREF is calling for full investigation into all aspects of state aid to this project,” said Danielsson. “It is not logical to separate the investigation and examine just one of the financial advantages rather than evaluate the whole aid package.”

FOR FURTHER INFORMATION CONTACT DOERTE FOUQUET ON + 32 2 672.43.67

President: Peter Danielsson (SERO Sveriges Energiföreningars RiksOrganisation, Sweden),
Kungsgårdsvägen 50, S - 68154 Kristinehamn,
Tel.: +46 550 13761, Fax: +46 550 16483

EREF – Brussels Representative Office – Avenue de la Fauconnerie 73, B-1170 Brussels,
Tel.: + 32 2 6724367, Fax: +32 2 6727016
www.eref-europe.org