

21 July 2022

**Non-binding Letter of Intent – Subject to Contract**

We refer to the recent discussions between representatives of Electrabel SA and the Belgian State (together, the “**Parties**”) concerning the potential feasibility and terms of the long-term operation (the “**LTO**”) of the nuclear units of Doel 4 and Tihange 3 (together, the “**LTO Units**”) through a stable and long-term structure and the determination of a cap on nuclear liabilities and costs, both related to the management of nuclear waste and spent fuel as set out below.

Whereas:

- (A) On 18 March 2022, the federal government decided to initiate the necessary steps with the aim of extending the operation of the LTO Units for a period of ten years each, considering the changed geopolitical context, including the war in Ukraine, the unexpected and unnotified unavailability of several French nuclear power plants, and the impact thereof on the security of supply.
- (B) On 7 July 2022, the Parliament voted a reform of the nuclear provisions law with the aim to accelerate the funding of the nuclear provisions to the benefit of Synatom and to secure the existence, availability and sufficiency of the amounts representing the counter value of such nuclear provisions in the future.
- (C) Electrabel decided end of 2020, in accordance with the current law on nuclear phase-out and its stated position on a LTO timeline, to stop any LTO studies for the future and therefore to cease nuclear operations in Belgium by 2025.
- (D) As a result of the request by the Belgian Government to Electrabel to examine an LTO and the increased risk profile that would result from such LTO, Electrabel needs visibility on the impact of the LTO on the decommissioning project, the waste management costs and related nuclear provisions before the beginning of the extension of the LTO Units.
- (E) The Parties therefore envision as part of the LTO Units extension project a balanced and transparent split of the relevant risks and rewards which will provide each Party with stability and a fair transaction structure in the long-term.

This letter sets out the key principles and objectives of the Parties, and the basis on which they intend to continue their discussions.

**1. Key principles and objectives**

The Parties intend to enter into further non-binding discussions, to exchange all relevant further information, and to establish the necessary workstreams between their representatives, with a view to agreeing binding legal agreements in respect of (A), (B), (C), (D) and (E) set out below by 31 December 2022 (in accordance with the process indicated below) and referred to as the “**Potential Transaction**”:

- (A) a 10-year lifetime extension of each of the LTO Units. The Go/no go date (as defined under 2 below) will set the best efforts start date of the LTO Units, which Electrabel states shall be in principle 5 years thereafter, it being understood that the Parties are willing to discuss and agree the conditions to enable the LTO Units to start in November 26 (subject to approval by the safety authorities), such conditions

to be agreed upon or not before Go/no go date. . Market/project stabilisation arrangements in respect of the LTO Units will be established by an appropriate support mechanism (i.e a *contract for difference or similar mechanism*) provided directly or indirectly by the Belgian State.

- (B) the environmental impact assessment in respect of the LTO on which the Belgian State will continue to work;
- (C) the contribution by Electrabel of all of its Belgian nuclear assets, liabilities and activities into one or more special purpose entities;
- (D) the participation of the Belgian State as a 50% shareholder (and Electrabel or a 100% subsidiary of Electrabel as the other shareholder) in the entity of which the perimeter is limited to the LTO Units considering a balanced and transparent split of the relevant risks and rewards between the Parties. This does not exclude the participation of a third party shareholder if both Parties agree; and
- (E) a full and final release upon transaction closing with respect to nuclear liabilities and costs, both related to the management of nuclear waste and spent fuel in relation to all nuclear units; In this respect, the Parties are willing to discuss and agree on a cap, in the form of a fixed amount, including a risk premium, after review by CPN and ONDRAF. Such cap will be discussed and agreed upon in accordance with and taking into account all relevant elements, such as amongst others and if and to the extent relevant: industrial scenarios and margins, existing precedents, market practices and actualisation and investment risk.

Nuclear liabilities and costs related to dismantling operations for all nuclear units will be covered by Electrabel, except for direct or indirect increases of said liabilities and costs (i) in relation to the units not to be extended: demonstrably resulting from the LTO and (ii) in relation to the LTO Units: demonstrably resulting from the LTO or from circumstances occurring after the LTO start date, both (i) and (ii) to be objectively demonstrated by Electrabel in full transparency, subject for audit by the Belgian State.

The Parties intend that each element of the Potential Transaction will be inter-conditional, such that none will proceed without the others also proceeding. Entry into the Potential Transaction will be subject to the Parties (and/or other relevant entities, as applicable) negotiating and agreeing mutually acceptable definitive legal agreements with appropriately robust legal protections, and this letter imposes no obligation on either Party to enter into the Potential Transaction or any other such arrangements.

## **2. Process and timings**

The Parties will as of today negotiate and seek to agree a heads of terms agreement defining the main terms and conditions under which the principles and objectives of the Potential Transaction will be achieved and a joint development agreement relating to the engagement and allocation of any LTO costs at the earliest possible date in September 2022. These negotiations will take place via three workstreams, which will be launched immediately: (1) LTO, (2) nuclear waste and (3) structure. Furthermore and in addition to Electrabel providing the required information in relation to the nuclear provisions revision in accordance with the new law on nuclear provisions to CNV (and the Belgian State) at the latest on September 2, 2022, the Parties will without delay launch all relevant initiatives, share all relevant information and take all relevant steps and actions in relation thereto.


The Parties will further seek to negotiate and agree binding legal agreements in respect of the Potential Transaction by 31 December 2022 (the “Go/no go date”), whereupon the heads of terms and joint development agreement referred to above will cease to apply (subject to any accrued rights and obligations thereunder).

In order to enable the Potential Transaction to proceed, the Parties will be required to discuss and agree required modifications to the applicable laws and regulations (including their timing), and all necessary conditions precedent (such as the approval of the European Commission), it being understood for the avoidance of doubt that such conditions precedent do not have to be fulfilled prior to the Go/no go date.

**3. Other matters**

The Parties shall consult and agree before any proposed public communication or announcement concerning any aspect of the Potential Transaction or other matters referred to in this letter. Any such public communication or announcement shall refer to all five key principles of the Potential Transaction referred to under Section 1 above.

This letter of intent has been entered into on 21 July 2022 in two (2) originals, each Party declaring having received one original.

**DocuSigned by:**  
  
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Thierry SAEGEMAN  
CEO Electrabel NV  
For and on behalf of Electrabel SA

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Pierre-François RIOLACCI  
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**Christinne Van der Straeten (Authentication)** Digitally signed by Christinne Van der Straeten (Authentication)  
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For and on behalf of the Belgian State

The Prime Minister, Alexander De Croo

The Minister of Energy, Tinne Van der Straeten