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Dr Caroline Lucas MEP  
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Dear Dr Lucas

Thank you for your letter dated 22 January about our proposed development at Kingsnorth. I apologise for the length of this response but your letter does touch on some fundamental energy policy issues.

E.ON is committed to reducing the carbon intensity of our generation by 50% by 2030. We recognise that, as a leading power and gas company here and across Europe, we have an important role to play in the fight against climate change. Our investment plans are designed to support and deliver this reduction.

Climate change is the most important issue facing energy generators but we also need to have regard to security of supply. As you know, around a third of the UK's generation capacity is expected to close over the next 10-15 years as existing coal, oil and nuclear plant is decommissioned.

While we believe that gas can help to fill some of this energy gap, the UK's growing dependence on imported gas raises important security of supply issues and therefore a diverse and balanced portfolio of lower carbon technologies makes sense in our view. Additionally, over the next 10-15 years, UK gas production will decline and by 2020 the UK will need to import 80% of the gas it requires.

We believe that all of this raises important challenges for the UK in terms of cutting carbon emissions while maintaining security of supply. We believe that the sensible response from E.ON to this challenge is investment in a diverse portfolio of lower carbon technologies.

### ***Renewables***

Significantly increasing the UK's renewables capacity is clearly a priority – particularly if challenging EU targets are to be met. We are making substantial investments here.

As you say, Kent is ideally placed to benefit from new renewable plant. That is why we are developing the flagship London Array (1000 MW) project which I know you support. We are also building Robin Rigg, as 180 MW offshore wind farm in the Solway Firth. Also in development is our 300 MW Humber Gateway offshore wind farm. This builds on our experience as the developer of one of the UK's first commercial-scale offshore developments at Scroby Sands.

We are also investing in other technologies such as tidal power. Next month we will commission the UK's biggest dedicated biomass plant at Steven's Croft.

We have substantial capacity in various stages of development and I would stress the important role that reform of the planning system could make to fulfil the UK's potential in this area.

### *Decentralised energy*

I agree that decentralised energy has the potential to make a substantial contribution to the UK's energy needs. That is why we have set up a new business, Sustainable Energy Solutions, to develop our understanding of its potential. However, there are clearly great uncertainties about the scale and speed of impact that decentralised energy will make.

We have, as you will be aware, also supported replacement nuclear build in the UK to ensure that it continues to provide the UK with low carbon baseload generation. However, we see investment in that technology as part of an overall and balanced approach – not as a silver bullet in itself. Part of that balanced approach also has to focus on reducing overall energy demand. This is another area where we are investing substantial sums.

However, let me now turn to your points about coal and specifically about Kingsnorth.

### *Kingsnorth*

In your letter you suggest that the proposed plant at Kingsnorth is based on "dated technology".

What we are proposing at Kingsnorth is high-efficient supercritical technology that is deployed elsewhere in Europe. It would be a first of a kind for the UK and will deliver much higher efficiencies than existing coal plant in the UK.

Even before allowing for the potential of Carbon Capture and Storage (CCS), the supercritical units offer higher operating efficiencies than the existing sub critical plant and would reduce carbon dioxide emissions per unit of electricity by around 20% compared to the units they replace.

The application also needs to be seen in the context of the substantial amount of plant, including coal and nuclear, that is due to close in the next few years. E.ON alone will have closed around 4GW of coal plant by 2015.

In other words, we believe that a smaller amount of lower carbon coal could play an important but limited role in the transition to a low carbon economy. In the longer term, solving the technical obstacles of CCS is vital if coal is to have a long-term role in the energy mix (see below).

Strategically, the Kingsnorth site is well placed to meet growing demand for power in the South East of England, where there is currently a deficit of generation plant compared to the demand from the area. The new units would provide enough electricity to supply around 1.5 million homes.

### *Carbon Capture and Storage*

We have consistently supported the Government's decision to support the development of a demonstration CCS plant in the UK.

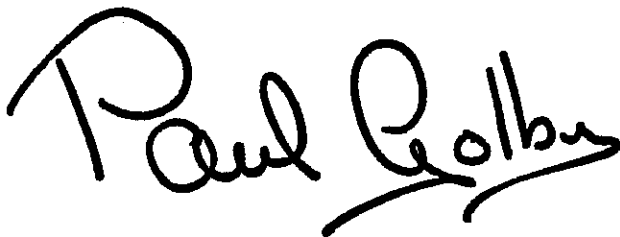
The new units at Kingsnorth will be built "CCS ready". It is our ambition to become the world's first commercial scale carbon capture and storage development by bidding Kingsnorth into this competition. There is no question of E.ON seeking to "avoid expected improvements in technical standards". Indeed our ambition is to help set those standards.

Kingsnorth is just part of the multi-billion pound investment programme we have laid out for the UK with new renewables, new gas and new nuclear all part of our strategy going forward.

Taking into account the generating capacity we expect to see decommissioned in the coming years – and the timetable for those closures – we believe that investment in a balanced and diverse portfolio based on the latest designs and technology is the right response and is consistent with both the need to ensure security of supply and support the fight against climate change.

If you would like to meet with the project team to discuss these issues in more detail, please let me know and I will be happy to arrange this.

Yours sincerely

A handwritten signature in black ink that reads "Paul Golby". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.