

Nuclear Energy (Financing) Bill

Sizewell C Consortium: Written Evidence

Executive Summary

- The Sizewell C Consortium, a group of over 200 leading companies and organisations across the country, welcomes the Nuclear Energy (Financing) Bill brought forward by the Government.
- With an experienced supply chain in place, the RAB is now the most appropriate model to access private investment and develop new nuclear projects.
- The RAB is appropriate for Sizewell C because it is a direct replica of Hinkley Point C and we have the expert supply chain in place to deliver the project on time and on budget.
- Building new nuclear under a RAB will secure the future of the British nuclear supply chain by continuing the nuclear revival started at Hinkley Point C.
- Under a RAB, the cost of capital for large infrastructure projects is reduced, enabling decades of new nuclear builds at a significantly lower overall costs to the consumer.

RAB unlocks the benefits of replication

The RAB is an established financial framework that the Sizewell C Consortium believe is the best mechanism for unlocking the benefits of new nuclear in the UK, as both a proven method of securing private finance and a way for consumers to benefit from getting low-carbon electricity at the lowest possible price.

As the first nuclear station built in decades, the RAB was not appropriate for a project like Hinkley Point C given the uncertainty of the technology and inexperience of the supply chain. It is clear though, following the cancellation of projects at Wylfa and Moorside, that the alternate CfD model is no longer viable. Since Sizewell C – the only project that can be ready to start construction in this parliament - is a direct replica of Hinkley Point C we believe that the RAB now represents the best value for money for the consumer and investor.

Leveraging the learnings and experiences developed at Hinkley Point C by many of our members, the sector now have the expertise in place to build Sizewell C on time and on budget. These learnings are already evidenced at the Hinkley site where there has been an estimated 20% reduction in the time scales and costs from the construction of Unit 1 to Unit 2. We see Sizewell C as Unit 3 and 4, capable of further mitigating the prospect of overruns and in turn saving the consumer billions in the cost of financing new nuclear projects.

Boosting the nuclear supply chain through the RAB

The RAB is not just a financial model to get Sizewell C built, it will allow the UK's nuclear supply chain to start delivering new nuclear across the whole country. This potential brings with it a host of benefits that the UK can prosper from.

Bringing jobs and economic growth: Hinkley Point C has seen over 12,000 jobs created and several billion invested in the economy to date. New gigawatt nuclear, including Sizewell C, will

mirror Hinkley Point C's legacy of jobs and skills across the country and throughout a supply chain which is 90% based outside the South East.

Preserving British nuclear: The UK's nuclear industry has a proud heritage stretching back 65 years when we became the first country to generate electricity from a civil nuclear plant at Calder Hall. In the decades since, the industry has flourished with the sector now employing 60,000 employees across the whole country in high-skilled, high-quality jobs. This is in large part thanks to the nuclear revival we have seen at Hinkley Point C.

But with all but one of the UK's current nuclear power stations due to shut down by the end of 2030 there is uncertainty about the future of the industry post-Hinkley. We must at all costs avoid a gap between projects like the one that occurred between 1995 - when the UK's last nuclear power station started generating electricity - and 2016, when Hinkley Point C began construction.

With demobilisation of workers off the Hinkley site expected in the coming 18 months, the requirement for commitment to new nuclear has never been more pressing. With a new nuclear power station confirmed under the RAB model, we can preserve the supply chain and give the workers who have spent the last five years refining their knowledge of the construction process an opportunity to deliver the brand new nuclear fleet the UK will need as it pushes towards Net Zero.

Securing our future energy needs: The successful passing of the Nuclear Energy (Financing) Bill can have positive long-term implications for Britain's energy needs. As nuclear capacity comes offline this decade, we are facing a shortage of firm, clean power. New nuclear, like Sizewell C, will supply multiple gigawatts of low-carbon electricity to the grid, providing a crucial clean baseload and providing energy security in the context of gas price volatility and reliance on overseas supplies.

It will also be a gateway to new technologies. The heat produced from gigawatt nuclear stations can facilitate new technologies like hydrogen and direct air capture, while continuing to maintain a thriving nuclear sector will lay the groundwork for Small and Advanced Modular Reactors, which will be ready in the 2030s.

A framework that works for the consumer

We believe that the RAB must work for the consumer as well as the developer. Because risk will be shared between the consumer and investor, the cost of capital can be reduced, leading to savings between £30 and £80bn compared to a CfD – according to the government figures.

There is also the fact that having nuclear on the system will reduce consumer bills by compensating for the variability of intermittent generation. Having reliable, low-carbon nuclear in the energy mix can deliver cost competitive bills to consumers particularly if we apply the lessons of the wind industry – that consumer costs have fallen because of falling construction costs through replication and cheaper lending.

About the Sizewell C Consortium

- The Sizewell C Consortium – a group of over 200 of the UK's leading nuclear supply chain businesses – was founded with one goal in mind, to get Sizewell C built for Britain
- Our membership is united in making the case for Sizewell C. The project is a vital first step to securing our low-carbon future and the prosperity of UK jobs and industry.
- Over the last year, the Consortium has signed three Memoranda of Understanding guaranteeing thousands of jobs and billions in investment in the North of England, Wales and East of England.