Nuclear Finance Bill

Legislation to support a new financing model for large scale nuclear power projects; the Regulated Asset Base or RAB is progressing quickly through parliament. Ministers and MPs have made no secret that its first application would be the Sizewell C project.

This briefing contains summary points in opposition to Sizewell C as well as specific Talking Points on the legislation itself.

Sizewell C is **the wrong project in the wrong place and will not help the UK achieve its objectives.**

The wrong project:

- Sizewell C is slow - it would take 10-12 years to build, so not generate any power until 2034/5 if on time. The government has set a target of 2035 to decarbonise the UK's electricity.
- Sizewell C is expensive, costing £20+ billion, which could be invested in renewables such as offshore wind or hydrogen storage.
- It is not needed. Multiple, credible energy scenarios reach net zero without Sizewell C. Three of the Climate Change Committee's 6th carbon budget scenarios omit it, as does the most ambitious of National Grid's FESs, "Leading the Way" which is net negative by 2032.
- Sizewell C takes a lot of carbon to build. EDF estimates it would take 4 years to pay this back, meaning Sizewell C wouldn't contribute to net zero until 2038/9.
- The type of reactor EDF wants to build (the EPR) has an appalling track record**.** The few EPRs under construction are all well over budget, including HInkley Point, and - in France and Finland - running a decade late. The only two completed anywhere in the world are at Taishan in China and one of these is shut down because of fuel failure after less than 3 years of operation.
- It won't help 'level up' the UK. Sites in the north and west would do more to narrow the gap.
- The government has yet to remove EDF's unacceptable partner, China General Nuclear.
- Nuclear energy is not green energy. There is as yet no long-term solution for nuclear waste.

The wrong place:

- EDF's claims of thousands of jobs for local people and billions of pounds spent locally are unproven. We maintain that Sizewell C would damage the existing local economy.
- EDF wants to bring its Hinkley workers to Sizewell, meaning 6,000 workers would flood the area; 2,400 of them would live in a "campus" near the tiny hamlet of Eastbridge.
- Visitors would stay away, losing the tourism industry up to £40 million a year (independent research) and losing 400 jobs. EDF admits 725 'local' staff would come from other businesses.
- There would be around 12,000 extra vehicles a day on the A12, including 700

HGVs.

- The Sizewell C site is on an eroding coastline and surrounded by protected wildlife habitats. The RSPB and SUffolk Wildlife Trust oppose Sizewell C because of the potential impact on nature.
- Nuclear waste would have to remain on site for well over 100 years.
- The site is wholly within the Suffolk Coast & Heaths Area of Outstanding Natural Beauty. Construction will cut the AONB in half for a decade
- The site adjoins internationally famous RSPB Minsmere reserve, and some of Sizewell Marshes Site of Scientific Interest will be built on.

Specific points and questions about the legislation.
1. Those on renewable tariffs, who have rejected nuclear energy, may not wish to pay for the construction of Sizewell C.

2. Scottish billpayers - who have voted not to have any more nuclear power stations built - may not wish to pay for the construction of Sizewell C.

3. Nuclear power stations are inherently risky and predisposed to cost and time overruns, meaning this form of financing, which transfers risk to consumers, is totally unsuitable.

4. No information has been provided about the limits of risk exposure for consumers. In 2019, Business Secretary of State Andrea Leadsom, announcing cost overruns for Hinkley Point C, emphasised there was "no cost to the taxpayer” but this would not be true for Sizewell C if funded via a RAB. What proportion of any cost overruns would be passed on to consumers and/or taxpayers, and what overall cost to consumers do Ministers consider “acceptable” in terms of its contribution to fuel poverty?

5. A RAB-type model in the United States for a cancelled nuclear plant in South Carolina is costing ratepayers $2.3bn. The developers of another plant, near Atlanta Georgia, whose costs ballooned, are being allowed to pass a extra $2.1 billion in overspend on to consumers.

6. Ministers have not published information to support claims made that the RAB would mean around £12/year being added to household bills at the peak of construction. At present there is no information in the public domain to allow these figures to be scrutinised. Ministers must commit to complete transparency about the liabilities being entered into by bill payers? And commit to a timeframe to provide justification about the energy bill levies be made available?

7. As part of the above, Ministers must also share the latest cost assessments for the Sizewell C project. The "illustrative and non-binding" overnight cost was given last year as £20 billion but reassessments are being carried out and - since the public is expected to pay towards the financing costs - it is in the public interest for this information to be made known.

8. Ministers have not published details of the process and outcome of Value for Money assessments conducted to date on Sizewell C. We should also be told the schedule of future assessments

9. We need to know how long the regulatory and legislative work necessary to allow a Final Investment Decision (FID) for Sizewell C is expected to take? We understand that this primary legislation would set the framework for use of the RAB mechanism by nuclear projects but that secondary legislation would be needed to define the details. What is the timetable for this complete legislative process?

10. The most often-quoted example of using a RAB for infrastructure projects is the Thames Tideway (TT) Tunnel or "Super Sewer". However, the capital cost is only a quarter of Sizewell C, and the Financial Times recently revealed that the project developer wants to pass overspends onto consumers, raising the surcharge on bills from about £18 per year to £20-25. The project is two years behind schedule. A further key difference is that those paying are limited to Thames Waters' customers. A 2015 government press statement about the legislation for the Thames Tideway Tunnel, published when the FID was announced, said "Over the past 5 years, Defra Legal Advisers along with the Commercial Law Group and colleagues in Litigation have negotiated a way through many of the obstacles that threatened the project" suggesting a lengthy and complex process.