



11 October 2022

Dear Andy Briggs

I'm writing regarding Sizewell C and the recent report in the [Sunday Telegraph](#). We urge you not to consider investing in Sizewell C, given the clear and present financial, ESG and reputational risks.

You will be aware of the significant inherent risks for EPR reactor construction: EDF now accepts that Hinkley Point C will cost £26bn against an FID of £18bn and be a further 12 months late. Far from just falling foul of covid, this is the fourth cost/time increase announcement since construction began. EPR builds at Taishans I & II, Flamanville and Olkiluoto were/are all late and overspent. Taishan I in China was offline for twelve months after it suffered fuel failure early in its operational life, and while there is a plan to address the symptoms of fuel failure, there appears to be [no firm plan to address the root cause](#) of vibration. The indisputable facts from all over the world can only lead to the conclusion that large nuclear infrastructure projects will inevitably run late, significantly over-budget and deliver inconsistent energy solutions. This at a time when climate change and energy sit squarely at the foreground of the global cost of living crisis.

It is now widely-accepted that Sizewell C will cost up to £30bn (and, based on a private exchange with a senior BEIS official, considerably more), already 50% more than the quoted £20bn. The knock-on implications for future debt and equity requirements are a sobering prospect. EDF argues that replicating Hinkley Point C will help control ballooning costs, but it is impossible to replicate the location. The Suffolk site is considerably more complex, sensitive and difficult to access than Hinkley C, so much so that the project's planning consent - granted by Mr Johnson's government - went against the Planning Inspectorate's considered recommendation that it should not be approved.

As consumers face the gravest cost of living crisis in living memory, the RAB funding model will bring controversy and reputational risk. The Sunday Telegraph report includes the following comment attributed to you which demonstrates your understanding both of the risk and a wish to see it significantly offloaded onto households: "*there's definitely risks associated with it so we would need to be comfortable that there's a robust and safe model around it*".

Research by the University of Greenwich Business School, using the government's own RAB [impact assessment](#), and following extensive dialogue with officials, concluded that the quoted financial impact on households during construction has been underestimated. See www.stopsizewellc.org/rab and [The Guardian](#). Despite repeated requests, officials have still not published their own calculations. There is political risk in the direct contradiction between the Prime Minister's decision to suspend green levies on bills, likely for the 2 year duration of the energy price cap freeze, and adding a nuclear levy to bills for Sizewell C.

We urge you to consider the following ESG implications, which are relevant even if the UK Treasury succeeds in erroneously rebranding nuclear as 'green'. Such a move in the UK will be highly controversial, and - as in the European Union - very likely to be challenged in the courts.

Environment:

- Sizewell C would damage protected wildlife habitats and is opposed by both the [RSPB](#), whose internationally famous Minsmere reserve adjoins Sizewell C, and the [Suffolk Wildlife Trust](#). Part of Sizewell Marshes Site of Scientific Interest would be lost forever. The Sizewell C site is wholly within the Suffolk Coast & Heaths Area of Outstanding Natural Beauty.
- Sizewell C is not sustainable. There is as yet no long-term [potable water supply](#) for the operation of the plant, which needs an average of 2.2 million litres per day in the driest region of the UK. Desalination may be the only option, as indeed it is the only option for supplying 4m litres/day of potable during construction. Ironically EDF previously rejected desalination on environmental grounds.
- The cooling systems have the potential to trap and [kill hundreds of millions of fish](#) and other marine biota annually during each of its 60 years of operation.
- There is still no long-term solution to the storage of toxic nuclear waste. A Geological Disposal Facility is still decades away and cost estimates are spiralling. The spent fuel from the EPR high burn-up reactor is hotter than other reactors and would need to stay on the eroding Suffolk coastline for a century.

Social: There is considerable local opposition because of the impacts on communities, including.

- An extra 12,000 vehicle movements a day in an area with very little road infrastructure. "Mitigation" by way of bypasses is controversial, and EDF has refused to provide them ahead of construction.
- The area lacks a sufficient workforce meaning an [influx of 6,000 temporary workers](#).
- Research suggests [tourists would stay away](#) in considerable numbers, resulting in a predicted income loss of £40m a year.

Governance:

- Ownership of Sizewell C is unclear. With EDF - heavily in debt and shortly to be fully re-nationalised - wanting no more than 20% of equity, future governance is very murky.
- The eventual removal of EDF's controversial development partner, China General Nuclear, will put further pressure on EDF, reportedly leaving them to meet all Hinkley Point C's costs that exceed the figure at Final Investment Decision, potentially amounting to £8bn.
- Regardless of who would own Sizewell C, as the only entity with experience of EPR reactors, EDF *must* build it. EDF is under considerable pressure in France with huge debts, half the domestic nuclear fleet offline in recent months due to corrosion issues, and President Macron wanting 6 new EPR2 reactors (a simplified version of the complex EPR). At what stage does EDF become too stretched to manage all its commitments?

There is a long history of nuclear developers believing that all risks have been anticipated and covered, only to find that risks not envisaged, or considered serious, materialise. Considerable reputational damage may fall on owners if Sizewell C was completed late and over budget, at the expense of consumers, supplying expensive power; or not completed at all.

We urge Phoenix Group *not* to invest in Sizewell C. If you would like to talk about these issues in more detail, please do not hesitate to contact us.

Yours faithfully,



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