

Government readies Sizewell C nuclear project for future investment

- Business and Energy Secretary announces £100 million to support the continued development of the Sizewell C project in Suffolk
- Sizewell C would produce 3.2 GW of electricity powering the equivalent of around 6 million homes, and providing increased longer-term energy resilience
- nuclear power has a key role to play as we work to strengthen Britain's energy security and reduce our exposure to volatile global gas prices

Plans to build a new nuclear power plant in the UK have been backed by £100 million of government funding to support the continued development of the Sizewell C project in Suffolk.

The funding commitment from Business and Energy Secretary Kwasi Kwarteng will be used to continue the development of the project which will aim to attract further financing from private investors and, subject to value for money and relevant approvals, the UK government.

Ministers have made a commitment to reaching a Final Investment Decision on at least one large-scale nuclear power station this parliament. This would provide continuous, low carbon electricity at scale, strengthen Britain's energy security and reduce our exposure to volatile global gas prices, provided there is clear value for money for consumers and taxpayers.

Negotiations between the government and Sizewell C project developer, EDF, have been ongoing since last year. If built, Sizewell C would power the equivalent of around 6 million homes, as well as supporting up to 10,000 jobs in Suffolk and across the UK.

Business and Energy Secretary, Kwasi Kwarteng, said:

In light of high global gas prices, we need to ensure Britain's future energy supply is bolstered by reliable, affordable, low carbon power that is generated in this country.

New nuclear is not only an important part of our plans to ensure greater energy independence, but to create high-quality jobs and drive economic growth.

The funding announced today will further support the development of Sizewell C during this important phase of negotiations as we seek to maximise investor confidence in this nationally significant project.

The £100 million option fee will be invested by EDF into the project to help

bring it to maturity, attract investors, and advance to the next phase in negotiations. In return, the government will take certain rights over the land of the Sizewell C site and EDF's shares in the Sizewell C company, providing opportunities to continue to develop nuclear or alternative low carbon energy infrastructure on the site should the project not ultimately be successful.

If Sizewell C reaches a Final Investment Decision, the government will be reimbursed the £100 million option fee with a financing return, either in the form of either cash or an equity stake in the project.

If the project does not reach this important milestone, then the government would ask for either the Sizewell C Company shares or the Sizewell C site or, if EDF is unable to provide these assets as requested by government, the money will be refunded by EDF together with a financing return.

No decisions, including on the final configuration of Sizewell C's investors, have been made.

Simone Rossi, CEO of EDF Energy, said:

We're very pleased that the government is showing its confidence in Sizewell C which, if approved, will lower energy costs for consumers and help to insulate the UK from global gas prices. Together with our own investment, these funds will allow us to continue to move the project towards a financial investment decision.

Sizewell C will benefit from being a near replica of Hinkley Point C in Somerset which is more than 5 years into construction and making great progress in the challenging context of the COVID pandemic. Sizewell C will provide a huge economic boost to East Suffolk where it already enjoys the support of most local people. It will also bring new opportunities for thousands of nuclear supply chain companies up and down the country.

The announcement comes as the Nuclear Energy (Financing) Bill, which will enable a Regulated Asset Base (RAB) funding model framework for new nuclear projects, passes through Parliament. It is estimated that RAB could lower the cost of each new large-scale nuclear power projects by more than £30 billion, compared to the existing Contracts for Difference model.

The RAB model is also expected to reduce Britain's reliance on overseas developers for finance by substantially widening the pool of private investors to include British pension funds, insurers and other institutional investors from like-minded countries.

The government has made up to £1.7 billion of new direct government funding available at the Spending Review for developing a large-scale nuclear project to the point of Final Investment Decision this Parliament project – on top of a £120 million enabling fund to support further nuclear projects and inform

potential investment decisions during the next Parliament.

Last year, £210 million was also invested into a Rolls-Royce venture to design the UK's first Small Modular Reactor (SMR), pioneering the next generation in advanced nuclear generation.

- The government has made a commitment to bringing at least one large-scale nuclear project to a final investment decision in this Parliament, subject to value for money and other considerations
- this is not a direct investment but instead represents the purchase of a Combined Option by government in relation to the shares in the Sizewell C GenCo and the land on which the Sizewell C power plant is planned to be built, to be exercisable if the project does not proceed
- the UK government is not committed to Sizewell C as a result of this announcement. In the event the project is successful the government would see the £100 million, together with the market-based financing fee, returned in the form of either cash or equity, depending on market demand at the time. In the event the project is not successful, HMG could call for the Sizewell land site to use for other nuclear or low-carbon projects, or call for the shares in Sizewell C should we consider these have more value at the time. If EDF were not able to provide us with either as requested, HMG would be repaid the original sum together with the financing return. This ensures that the money, together with a financing return (or equivalent value in shares or land), would be returned to taxpayers whether the project proceeds or not
- the £100 million funding is derived from this Financial Year (2020 to 2021), and is not part of the spending review announced in the autumn of 2021 when HMG announced that up to £1.7 billion of new direct government funding would be available for developing a large-scale nuclear project to the point of Final Investment Decision this Parliament. Deployment of this funding on Sizewell C will be subject to negotiations with the developer, value for money and relevant approvals
- the investment builds on the [2020 Energy White Paper](#), which committed the government to the aim of bringing a new large-scale nuclear project to Final Investment Decision in this Parliament, subject to clear value for money and relevant approvals. It forms part of the Prime Minister's [Ten Point Plan for a Green Industrial Revolution](#)