

# Statement to Parliament: Statement to Parliament on Horizon project at Wylfa Newydd

With permission, Mr Speaker, I would like to make a statement on the proposed Wylfa Newydd nuclear power plant.

Britain was the world's first civil nuclear nation, and nuclear energy has powered homes and businesses in this country for over 60 years and currently provides around 20% of our electricity needs with low carbon, secure and reliable baseload power.

Nuclear has an important role to play in the UK's energy future as we transition to the low carbon economy. However, we have always been clear that no technology will be pursued at any price: new nuclear must provide value for money for consumers and taxpayers.

In 2016, we agreed to support the first new nuclear power station in a generation at Hinkley Point C in Somerset. Developers have set out proposals for a further five plants to come online over the next few decades. As I said at the time the contract for Hinkley Point C was agreed, the Government expects future nuclear projects to provide lower cost electricity than Hinkley Point C.

The next project in this pipeline is the proposed Wylfa Newydd power station, based on Anglesey in North Wales. The project developers Horizon Nuclear Power, who are owned by the Japanese company Hitachi, have developed proposals to build two reactors with a combined capacity of 2.9GW. Hitachi's reactor design has been deployed on time and on budget in Japan, and last December completed the Generic Design Assessment process run by the UK's independent nuclear regulator, having satisfied our strict safety standards. Horizon submitted their application for Development Consent to the Planning Inspectorate last Friday.

I am pleased to confirm that today Hitachi and the UK Government have decided to enter into negotiations in relation to the proposed Wylfa Newydd project. This is an important next step for the project, although no decision has been yet taken to proceed, and the successful conclusion of these negotiations will of course be subject to full Government, regulatory and other approvals, including but not limited to value for money, due diligence and State Aid requirements.

A key focus of discussions with Hitachi has been – and will continue to be – achieving lower cost electricity for consumers. Both the National Audit Office and the Public Accounts Committee have recommended that the Government consider variations from the Hinkley Point C financing model in order to reduce costs to consumers.

In line with the NAO and PAC's clear findings and recommendations, for this

project the Government will be considering direct investment alongside Hitachi, and the Japanese Government agencies and other parties. Our partnership on this project would serve as a further example of civil nuclear collaboration between the UK and Japan, building on the Memorandum of Co-operation that was signed in 2016 with that country.

The UK is likely to need significant new nuclear capacity in order to meet our carbon reduction commitments at least cost, particularly as we electrify more of our transport and heating. So alongside entering negotiations in relation to Wylfa Newydd, the Government will also continue to engage with the other developers in the UK new nuclear market on their proposals for further projects. This currently includes EDF over their plans for a follow-on EPR project at Sizewell C, CGN over their proposals for an HPR1000 reactor at Bradwell, and Toshiba regarding the future of the NuGen project at Moorside, as well as Hitachi over potential further ABWR units at Wylfa and Oldbury.

It remains the Government's objective in the longer term that new nuclear projects like other energy infrastructure should be financed by the private sector, and so alongside our discussions with developers we will be reviewing the viability of a regulated asset base model as a sustainable funding model based on private finance for future projects beyond Wylfa, which could deliver the Government's objectives in terms of value for money, fiscal responsibility and decarbonisation.

Support for nuclear is reiterated in the Nuclear Sector Deal which we will publish with the sector shortly. That deal, which the Government has developed in close partnership with the nuclear sector, will also include ambitious proposals to drive down costs across the sector, including by reducing the cost of construction in new build and by investing in innovation in advanced nuclear technologies.

If the Wylfa project were to go forward following this period of negotiation, it would provide around 6% of our current electricity needs until nearly the end of the century, whilst supporting thousands of jobs during construction and operation, particularly in Wales.

The actions this Government is taking will support a long-term pipeline for new nuclear projects in this country, and will provide the visibility needed to enable the industry to invest in the skills – including through the National Nuclear College– and the UK supply chain capabilities across the country. I will continue to keep the House informed during the negotiations.