

## Nuclear developers press for ‘prompt’ decision on new UK plants

Reactors could more than halve price of power generation if funding model is right



Hinkley Point C is under construction in Somerset © Ben Birchall/PA

**Nathalie Thomas** in Edinburgh JUNE 24 2020

Britain’s nuclear energy industry has said it could cut the price of power from new large power stations by more than half as it presses ministers for a “prompt” decision on [government financing](#) to support construction.

A report from the Nuclear Industry Association claims that the next generation of plants could be delivered at a cost to the consumer of £60 per megawatt hour, and subsequent reactors for as little as £40/MWh, if the government can agree a financing mechanism to cut capital costs, which account for about two-thirds of the total bill.

A cost of £40/MWh would represent a 57 per cent reduction on the £92.50/MWh that was [controversially](#) guaranteed by the government to French utility EDF and Chinese state-owned CGN in exchange for shouldering the upfront costs of [Hinkley Point C](#), Britain’s first new nuclear power plant in a generation, currently under construction in Somerset.

The NIA argues that supply chain costs would fall further if it can build further scale and experience. But it warns that new projects rely on “prompt decisions” by ministers on an alternative financing mechanism to support nuclear plant construction.

Executives at EDF have made clear they will not [replicate](#) the model used for Hinkley, which has been beset by cost overruns. A government consultation on alternative funding models, launched last year, is yet to report back.

The NIA report comes as UK planning authorities are due on Wednesday to [rule](#) whether to accept a planning application for Sizewell C, proposed for Suffolk on England’s east coast.

The project, also being developed by EDF and CGN, has magnified concerns among Conservative MPs about [Chinese involvement](#) in critical infrastructure. Both Hinkley Point C and Sizewell C use French technology, while CGN is a financing partner. But CGN is hoping to install its own reactors in another proposed plant at [Bradwell-on-Sea](#) in Essex.

EDF and CGN submitted the [application](#) for Sizewell C in May without knowing how the plant would be funded.

The government last year launched a consultation on funding future nuclear plants through a regulated asset base (RAB) model, used for other infrastructure projects such as London's Thames Tideway ["super sewer"](#).

Under a RAB model, households would pay for a plant's construction through their energy bills long before any electricity is generated, allowing developers to attract cheaper finance from investors such as pension funds. But it also leaves consumers on the hook for cost overruns.

EDF has said it hopes to take a final investment decision on Sizewell C by the end of next year or early in 2022.

But nuclear industry executives privately suggest that a decision on financing would be required before the end of December to support new plant construction, given the timescales involved in company boards approving costly projects. Horizon Nuclear Power, which is owned by Hitachi, is also awaiting planning approval this year for a proposed plant at Wylfa on Anglesey.

"Concerted action [is] needed now," the NIA said.

"There is a limit to how long developers can justify continuing to keep options open, and the supply chain can continue to invest in capability to prepare for a thriving nuclear future, without a clear signal that the government is serious about a funded nuclear new-build programme."

Doug Parr, chief scientist for Greenpeace UK, said Britain had renewable energy technologies, "which are faster and cheaper to deliver [and] . . . leave no toxic legacy".

The Department for Business, Energy and Industrial Strategy said: "Nuclear energy has an important role to play in helping us achieve this target and will be a key part of our future net-zero energy mix."

**Letter in response to this article:**

[Critics can only gawp at nuclear's latest wishlist / From Tom Burke, Dr Paul Dorfman, Professor Stephen Thomas and Alison Downes](#)