

Safeguarding Britain's nuclear power future

Barring Chinese involvement is rational but carries risks

THE EDITORIAL BOARD



Bradwell nuclear power station. It is important for the government to press on with legislation that would allow a regulated asset base model to be used for the first time in financing a complex nuclear plant © Chris Ratcliffe/Bloomberg

The editorial board YESTERDAY

The UK government's mealy-mouthed language on China in its foreign and [security policy review](#) earlier this year betrayed an apparent wariness of jeopardising commercial ties. In some areas, resolve is now hardening. After barring Huawei from 5G telecoms infrastructure, the government is [looking for ways to remove](#) China's state-owned nuclear energy company from future power projects. Doing so would be rational and consistent. But it carries risks that must not be allowed to set back UK [nuclear development](#).

Boris Johnson's government last summer [banned Huawei](#) from supplying new equipment to the 5G network from the end of 2020, with existing kit to be stripped from 5G networks by 2027. It reversed a decision to grant the Chinese supplier a limited 5G role, under pressure from Washington and Conservative MPs — and after a rethink by intelligence chiefs who previously said the risks were containable.

US arm-twisting is doubtless playing a role, too, in moves to bar China General Nuclear from planned next-generation European Pressurised Reactor projects at Sizewell C and Bradwell B. But having blocked Chinese participation in one part of the UK's critical national infrastructure, it makes little sense to allow it in another. UK regulatory approval for Bradwell, moreover, which CGN aims to lead using its [own design](#), would hand the Chinese power group a prized calling card it could brandish in other western markets — a key motivation for its UK involvement.

As with 5G, however, there are trade-offs in shutting out Chinese knowhow. Most of Britain's existing nuclear stations are [to close](#) by 2025. New plants are needed to bridge the gap, with coal also being phased out, and if the UK is to hit its net-zero emissions target. Barring big advances in battery technology enabling wind and solar power to be stored, Britain will need nuclear power for baseload generation. The Climate Change Committee's latest "[carbon budget](#)" suggested the UK would need 10 gigawatts of nuclear capacity by 2050; some industry estimates are higher.

But Japan's Toshiba and [Hitachi](#) have pulled out of planned projects in recent years because of funding issues. The partly built Hinkley Point C and planned Sizewell C plants, both led by EDF with CGN as junior partner, would provide 3.2GW each.

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Squeezing CGN out of Sizewell C would create a material risk that it might pull out of Hinkley Point too, depriving the project of what industry insiders say is undoubted expertise. Though EDF has said it can go it alone, the danger of further cost and time [overruns](#) would rise. Either way, the £20bn Sizewell venture would rapidly need new investors and financing.

That makes it all the more important for the government to press on with legislation that would allow a regulated asset base model — common in other infrastructure developments — to be used for the first time in financing a complex nuclear plant. This would mean [consumers paying towards](#) the new plant through energy bills even during construction, long before electricity is generated. The steady returns guaranteed by the RAB model could, in theory, attract low-risk investors such as pension funds, and sharply reduce the usually crippling cost of capital. But the government might also need to take a strategic stake in Sizewell C to reassure private investors the project would not be allowed to fail.

Balancing national and energy security with climate goals is complex. The desire to safeguard a sector as sensitive as nuclear power from “China risk” is understandable. But the cost may be having more nuclear developments on the government’s balance sheet.

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