

email

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Dear Matt

Call for evidence on barriers to securing long-term contracts for independent renewable generation investment (DECC ref 12D/260)

We welcome the publication of this call for evidence, and in particular welcome the Government's desire to hear the views of independent developers considering investment in other (non-renewable) technologies.

Horizon Nuclear Power ("Horizon") is a 50:50 joint venture between E.ON and RWE, formed in January 2009. On 29 March 2012 E.ON and RWE announced that they no longer intended to pursue nuclear new build in the UK, and that they were seeking new ownership for Horizon. Whilst at the time of this submission the sale process is still in progress, Horizon remains a going concern with plans in development to deliver around 6GW of new nuclear capacity at Wylfa and Oldbury.

At this stage of project development, Horizon does not have any Power Purchase Agreements (PPAs) and does not expect to be generating any electricity until the early 2020s. If our developments at Wylfa and Oldbury go ahead, Horizon will become a substantial, potentially independent, power producer in the UK and therefore the expected availability and structure of PPAs in the future, is an issue of interest.

Under the current Electricity Market Reform (EMR) proposals a nuclear generator has three price-related variables that can affect his revenue: the project strike price¹; the market reference price; and the price he sells his electricity for (achieved price). We believe that the future availability and structure of PPAs could impact on both the market reference price and a generator's achieved price.

¹ It is not appropriate to comment on the process for setting the project strike price in this response

