

Response to Department of Business, Energy and Industrial Strategy consultation

Designation of NNB Generation Company (SZC) Limited – Consultation on draft of the Secretary of State's reasons for designation

Summary

The Environment Agency welcomes being consulted by the Department for Business, Energy and Industrial Strategy (BEIS) on its Secretary of State's draft reasons for designation of NNB GenCo (SZC) Ltd for Regulated Asset Based funding.

In this response we provide an update on our progress on assessing the company's applications for environmental permits and a number of points on the designation document. We advise that we agree with the preliminary conclusion drawn in the consultation document that the Sizewell C project is sufficiently mature with regard to environmental permits that it can be considered suitable for designation.

1.0 Introduction

- 1.1 We are the environmental regulator for nuclear sites in England, a statutory consultee on applications for Development Consent Orders for proposed new nuclear sites and the principal flood risk management authority in England. Our objective is to ensure protection and enhancement of the environment so as to enable economic growth and sustainable development.
- 1.2 We are involved in the assessment and regulation of nuclear installations from design to decommissioning and final disposal of radioactive waste. We welcome this opportunity to provide advice on the Secretary of State's preliminary decision on designation of NNB GenCo (SZC) Ltd for Regulated Asset Base (RAB) funding.
- 1.3 Our responsibilities and roles on nuclear sites cover their full life cycle from design through construction, operation and decommissioning to disposal of the radioactive wastes arising. Our work on new nuclear power stations includes:
 - Assessing, with the Office for Nuclear Regulation, proposed designs of new nuclear power stations, through the Generic Design Assessment Process
 - Advising, as consultees, on the Nuclear National Policy Statement, site specific proposals, and applications for Development Consent Orders
 - Advising Government, planners and potential developers to help them understand and respond to the challenges of flood risk
 - Determining the required environmental permits for the construction, operation and decommissioning of nuclear power stations, including those for radioactive waste discharges and disposals, operation of combustion plant, process and construction water discharges, cooling and abstraction

- Regulating and influencing developers, builders and operators to achieve high standards of environmental protection and to secure sustainable development.

2.0 Environment Agency advice on the draft reasons for designation

- 2.1 We provide advice below on the project maturity criteria and in particular on the status of environmental permitting for the proposed new nuclear power station at Sizewell C. The criteria on value for money for consumers is outside our expertise but we provide a related comment for consideration. We also identify a few significant comments to improve clarity of the consultation document. Any minor comments we will discuss with BEIS officials.
- 2.2 We received applications for the operational environmental permits for Sizewell C in May 2020. These relate to:
- Disposals and discharges of radioactive waste
 - Operation of combustion plant (standby generators)
 - Discharge of turbine condenser cooling and process waters into the North Sea.
- 2.3 We have not yet completed determination of these permits but plan to begin public consultation on these in July 2022. There has been a need to ask for additional information over the last two years about the applications in order to complete our determination.
- 2.4 The proposed decision documents on which we will consult are close to completion and in a final review stage. Our preparations for public consultation, which will include face to face engagements with local people and groups, are also complete. While we cannot, and will not, make any final decisions about the applications for operational environmental permits until we have carefully considered all of the responses we receive to the consultation, we can advise that our proposed decisions, for consultation, are that we should issue the environmental permits. This will be the basis of our consultation planned to begin in July.
- 2.5 As noted in the designation consultation document, NNB GenCo (SZC) is building its organisational resources and capabilities. We require operators holding environmental permits to have sufficient resources and capabilities, including suitably qualified and experienced people, to be able to comply with the conditions of their permits. We expect applicants to have sufficient resources and capabilities for the activities carried out at that stage of the permitting process. We are satisfied that NNB GenCo (SZC) has sufficient resources now and is continuing to build its capabilities. We will continue to monitor the company as it implements further its action plans for organisational development.
- 2.6 We confirm that we are discussing with NNB GenCo (SZC) the schedule that it is developing for applications for the environmental permits it requires for construction. We note the large number that it has identified as required and will work with the company to optimise and reduce this number if possible, while still maintaining proper protection of people and the environment. We consider it is possible that the construction related environmental permits can be determined to the optimal timescales required by the proposed construction schedule, but only if those applications are of high quality and submitted to agreed deadlines. We confirm that to date we have received eight permit applications for construction related activities, specifically for works to

watercourses, seven of these have now been granted. We consolidated six of these applications into one permit.

- 2.7 With respect to the criteria of value for money for consumers, we observe that the designation would be for electricity generation. We are aware that there are other potential contributions to mitigating climate change that Sizewell C could provide which are being considered and developed. These include using heat directly, hydrogen generation and direct air capture. We urge that these options are not foreclosed at this stage and that the wider benefits they could bring to consumers are recognised, especially if use can be made of the waste heat.
- 2.8 We have listed a number of specific clarifications on the designation document below:

Paragraph 29 – we note the proposed condition that the designation if granted will lapse at the end of 2027 if a DCO is not granted. It is likely that any DCO, if granted, would include requirements to mitigate the impact of the project. Expanding this condition to include an expectation that the company will commit to, and set out a plan to deliver, any mitigations would provide further assurance.

Paragraph 42 – this refers to submission of a nuclear reactor design to ONR for Generic Design Assessment (GDA) for it to assess the safety and efficacy of the product. GDA is carried out jointly by the ONR and the Environment Agency. In GDA the Environment Agency assesses the environmental protection aspects of a proposed new nuclear reactor design and ONR the safety and security aspects. The document should recognise the Environment Agency's role in GDA and also that of Natural Resources Wales (NRW) as it participates in GDA where a design is likely to be proposed for deployment in Wales.

Paragraph 46 – we are pleased that the need for a Funded Decommissioning Programme is highlighted in the designation document. In our view the need to ensure that there are no unfunded liabilities in the future is essential to delivering sustainable new nuclear build. More widely we welcome the company's aspiration of delivering net zero excellence – with a positive contribution to environment, social and governance (ESGs) goals and a commitment to putting more back into the natural environment than is taken out. Delivering these aspirations on sustainability could help secure investment in the project and sustainability more widely.

Paragraph 63 – we note that, as for the DCO and nuclear site licence, if the environmental permits for operation and initial construction have not been obtained by the company by end 2027 then the designation would lapse. The link to permits for initial construction is important because of the expectation that construction environmental permits would be varied as construction progresses and the site itself and construction activities change.

Paragraph 56 – with regard to the goals of the environmental permits these relate to proper protection of people and the environment rather than safe construction and operation of the plant as stated here.

Paragraph 59 – please note that we have recently rescheduled beginning our public consultation from June 2022 to July 2022. In this paragraph it would be

helpful to clarify that we share the draft permits with the company for the purpose of factual accuracy checking.

3.0 Conclusion

3.1 We agree with the preliminary conclusion drawn in the consultation document that the Sizewell C project is sufficiently mature with regard to environmental permits that it can be considered suitable for designation. In doing so we note that:

- We issued the UK EPR, the reactor design on which Sizewell C is based, with a Statement of Design Acceptability in 2013
- We have issued operational and construction permits for Hinkley Point C on which Sizewell C is also based. The construction permits for Hinkley Point C continue to evolve and be varied as would be expected as construction proceeds.
- Progress is being made on the applications for operational environmental permits for Sizewell C but we will not make any decisions on these applications until we have carefully considered all of the comments we receive to our public consultation on our proposed decision documents.
- We are working with the company to develop the schedule of construction environmental permits that it would require, seeking to ensure the submission of high quality applications submitted to agreed timescales. We will also seek to optimise the number of permits that are required.

4.0 Further information

4.1 Further information or background to this response can be obtained from Alan McGoff, Senior Advisor - New and Operational Nuclear Sites, Kingfisher House, Orton Goldhay, Peterborough, PE2 5ZR, +44 7768 618800, alan.mcgoff@environment-agency.gov.uk

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