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To whom it may concern

ONR Consultation Response – Draft Reasons for Designation

This letter provides The Office for Nuclear Regulation's response to the consultation on the Draft of the Secretary of State's reasons for designation of NNB Generation Company (SZC) Limited. Designation would allow NNB Generation Company (SZC) Limited ("SZC Co") to receive revenue from the Regulated Asset Base (RAB) if the project progresses and all appropriate conditions are met.

Our mission is to protect society by securing safe nuclear operations, which we do by delivering our five statutory purposes:

- Nuclear safety;
- Nuclear site health and safety;
- Nuclear security;
- Nuclear safeguards; and
- Safety of transport of nuclear and radioactive materials

As such we have reviewed the draft designation statement to consider whether the reasons for designation in relation to nuclear permissions are accurate and whether we could provide further comment related to our regulatory purposes. We were content with the description of progress with our regulatory processes and can confirm that our planned licensing assessment has been completed and we are preparing to issue a further progress update on our website.

Granting of a nuclear site licence does not give permission for the start of nuclear-related construction. That will require subsequent regulatory permission under a nuclear site licence condition and will be dependent on our satisfaction with the pre-construction safety case.

We can also confirm that SZC Co is intending to deploy the same UK EPR technology at the Sizewell C site, which successfully obtained Design Acceptance Confirmation from ONR on 13 December 2012. In terms of the design, SZC Co is intending to duplicate wherever possible the UK EPR design deployed at Hinkley Point C (HPC). Their strategy is to intelligently replicate HPC's design and supply chain to deliver safety case requirements while benefiting from the experience of the replicated HPC supply chain and the efficiencies and improvements made from Unit 1 to Unit 2 at HPC. We note that some aspects of the design cannot be replicated due to site specific features. Any changes to the design after a licence was granted would be subject to our robust regulatory oversight through regulatory permissions under a nuclear site licence condition.

Our licensing assessment has concluded that the application has met almost all the regulatory requirements set out in our guidance. Specifically, we are satisfied that SZC Co has put in place an organisational capability and associated arrangements suitable for licence granting and no issues have been identified regarding the suitability of the site which would prevent a licence being granted.

However, there are two outstanding matters which require resolution prior to the formal granting of a licence.

The first relates to the current ownership of the land, known as security of tenure, which is yet to be acquired by the licence applicant.

The second issue relates to the current shareholder agreement which places control of key policies relating to safety and security with a holding company, NNB Holding Company Ltd, rather than the licence applicant, NNB Generation Company (SZC).

The applicant has outlined plans to us which would address both these matters, we note that these cannot be implemented until relevant project financial decisions have been made. When those matters are resolved, we would carry out a proportionate reassessment of the application, focused on the two outstanding matters and any other relevant licensing issues that emerge during the intervening period.

In addition to the progress with the assessment outlined above, the proposed condition in paragraph 41 of the draft of the Secretary of State's reasons for designation would ensure that SZC Co would not receive the benefits of RAB unless a Nuclear Site Licence were granted.

We would be pleased to discuss any of our response with you in more detail as necessary.

Yours sincerely

Katie Day
Director of Policy and Communications
Office for Nuclear Regulation