

**BEIS Nuclear NGO Forum Minutes
Monday 7th November 2022
14.00 – 15.30
Microsoft Teams**

1. Introduction – Chris Heffer and Alison Downes

Co-Chairs of the Forum, Chris Heffer (CH; Director for Nuclear Power, Infrastructure and Decommissioning, BEIS) and Alison Downes (AD; Stop Sizewell C) opened the meeting and welcomed attendees. No introductions of the attendees were required due to limited time. BEIS officials were welcomed and asked to put into the MS Teams chat who they were. Speakers should introduce themselves at the start of their piece.

Neil Crumpton [NC (People Against Wylfa B (PAWB))] observed there were 38 attendees at this virtual meeting.

CH offered his apology on behalf of Minister Stuart who was unable to attend due to his diary commitments to COP27.

BEIS is still waiting information on changes to Ministers' portfolios following recent political changes and the appointment of a new Secretary of State (SoS), Grant Shapps. CH added that Minister would try to attend the next meeting in the New Year. CH said there was the possibility of arranging an earlier meeting with the minister so members could have their questions answered.

BEIS Policy Updates – Chris Heffer Chair

1.1 Net Zero - Chris Heffer

CH said that the independent review of the government's approach to meeting its net zero 2050 target, led by Chris Skidmore MP, would ensure we deliver our legal commitment to reach net zero by 2050 in a way that is pro-business and pro-growth, given the change in the economic landscape.

Since publishing the Net Zero Strategy last October, economic conditions have changed significantly, due primarily to the Russian invasion of Ukraine. Energy prices and inflation have risen sharply, the former to record levels.

AD said that the deadline for submissions to the Skidmore Review was October 2022 and asked if there were any opportunities where Skidmore might be encouraged to visit Suffolk as part of the review.

CH responded that the review would be supplemented by a range of themed roundtables across the country and individual engagement with a variety of leaders in the net zero space.

The review team visited Heysham Nuclear reactor in Lancashire and the Bison Park in Kent (hosted by Green Alliance).

Reporting by the end of this year, the review would that delivery of the Net Zero target would not place undue burdens on businesses or consumers. Further detail will be announced in due course.

NC said he hoped that CH was aware of recent evidence and that Skidmore would take into account the findings of the recent Science & Technology Committee meeting.

Ruth Balogh (RB, West Cumbria North Lakes Friends of the Earth) asked that details of all attendees' departmental affiliations should be made available for reasons of transparency.

CH observed that this question had been asked in advance of the meeting by AD and that, due to GDPR issues, BEIS had been advised not to share the list of attendees ahead of the meeting. The issue about attendance had been raised with policy leads and they have been asked to inform the Secretariat if they wish to attend so that the number of people could be monitored. Introductions would be done on the call instead.

NC – said that any BEIS observers and ONR Participants would naturally be welcome to attend the Forum.

Questions had been sent in advance by NGO on the Net Zero Target.

i. Are you now looking to scrap the net zero target?

CH said that BEIS remained committed to net zero by 2050. Done right, the Net Zero transition would provide huge opportunities for jobs, investment, innovation and exports.

BEIS would make sure that our growing green economy would be inclusive, benefitting people across the UK, supporting workers as industries transform and ensuring costs as well as the benefits would be shared fairly, protecting consumers, workers, and businesses.

BEIS could already see the successes from some of its green policies. For example, we have estimated that around 68,000 jobs have been created or supported since the launch of the Ten Point Plan in November 2020.

But, with Russia weaponising energy across Europe and other severe global headwinds caused by Russia's war in Ukraine, we must make sure we would reach our target in a way that would protect energy security and would not place undue burdens on businesses or consumers.

That is why BEIS needed to ensure it pursued the most economically efficient path towards meeting its targets. Led by Chris Skidmore MP and reporting by the end of this year, it would ensure our approach to net zero would deliver maximum economic growth and investment, minimise costs to business and consumers and support UK energy security.

BEIS would support the (previous) PM's vision that the UK would become a net energy exporter by 2040, helping to build a stronger, more resilient and more secure United Kingdom.

ii. Are all net zero policies and schemes on hold?

No, policy and schemes in progress would continue. The Net Zero Strategy would remain government policy and schemes in progress were not on pause.

The latest official statistics have shown there were already around 430,000 jobs in low carbon businesses and their supply chains across the country, with turnover estimated at £41.2 billion in 2020. That is why BEIS has launched a review on how we would meet our Net Zero commitments to achieve carbon neutrality by 2050 in the most economically efficient and sensible way, ensuring our approach to net zero supports govt ambitions on energy security, and that we maximised opportunities Net Zero presents to support economic growth.

In particular, this review would ensure that gas continues to play its critical role as a transition fuel, supported by Carbon Capture Usage and Storage (CCUS).

iii. What does this mean for specific policy/target?

It would be premature to speculate on the outcome of the review at this stage. The government remained committed to achieving Net Zero by 2050, by pursuing a pro-business, pro-growth approach to meeting our target, ensuring costs as well as the benefits would be shared fairly, protecting consumers, workers, and businesses.

iv. When will it report back? What is the expected outcome, a new strategy?

The review would aim to ensure we meet our Net Zero commitments in the most economically efficient and sensible way, ensuring our approach to net zero supports govt ambitions on energy security, which would be vital to growth and prosperity.

The government would set out further down the line the outcomes and next steps out of the review. It will report by the end of this year.

1.2 Great British Nuclear (GBN) - Chris Gray

CH introduced Chris Gray (CG BEIS) who provided an update on GBN.

CG leads on the scoping of GBN, whose work focuses on evaluating a range of enablers for the new body to support nuclear projects and get us on a pathway to meet our ambition of up to 24 Gigawatt (GW) by 2050 around 25% of the UK's expected electricity demand.

GBN will be tasked with helping projects through every stage of the development process and developing a resilient pipeline of new build projects, including GW and Megawatt (MW) scale reactors.

Ian Ralls (IR, Friends of the Earth Network) asked how long would it take to know what GBN was about? CG responded that his team were focussed on finalising the scope of the organisation and were aiming to make an announcement early in the New Year.

NC asked that associated with a pipeline of nuclear projects would you also be going to look at the downside? Where would large amounts of waste be likely to go? You would be leaving a legacy of horrors.

CG said that GBN was a government arms-length body. Its role was to address the full range of barriers new nuclear projects faced, including access to sites and funding. Waste had been factored into decision making in the establishment of GBN and would continue to be as we confirm scope – working closely with wider teams in BEIS. The Government remained committed to up to 24 GW capacity.

NC suggested that the 24 GW was a high-end scenario output of the Dividend Discount Modelling (DDM). Other aspects such as waste, uranium security, proliferation lie outside the DDM cost modelling and require wider thinking to the DDM modelling.

CG confirmed that decision to make up to 24GW had been based on a consideration of deliverability and wider factors as well as the DDM model. He added that GBN was being developed in close collaboration with industry, ensuring that it would have the capability and capacity to deliver Government's ambition. GBN would be central to rejuvenating the UK's nuclear industry and addressing the barriers to successful nuclear projects.

CH observed that BEIS had received some good questions and follow-ups should be directed to Ministers.

AD said that they had been using the BEIS complaints line to contact the department, with limited success.

CH responded that we would supply a proper contact address.

1.3 AMRs/SMRs - Alasdair Harper

CH introduced Alasdair Harper (BEIS, AH) who gave an update on Advanced Modular Reactors (AMRs) / Small Modular Reactors (SMRs).

AH said that SMR/AMRs would play an important part in the future landscape of nuclear energy generation. The use of small block construction would be less expensive to build and represent a saving over present conventional designs.

BEIS Research and Development funding arising out of the 2020 Energy White Paper and the Ten Point Plan was established at £385m for an Advanced Nuclear Fund (ANF) to support the development of SMRs and AMRs.

The ANF included funding for an AMR Research, Development & Demonstration (RD&D) programme and the programme focused on High Temperature Gas Reactors (HTGR) as this technology would optimise opportunities for decarbonising industrial heat by 2050.

In November 2021, we awarded up to £210 million to Rolls-Royce SMR Ltd to further develop their design for one of the world's first SMRs, potentially capable of deployment in the UK in the early 2030s. Funding for this project is being more than matched by private investment.

The British Energy and Security Strategy sets out BEIS's intention to take one project to Final Investment Decision (FID) this Parliament and two projects to FID in the next Parliament, including Small Modular Reactors. As with any Government decision, this will be subject to value for money, relevant approvals, and technology readiness/maturity.

The bidding round for the Future Nuclear Enabling Fund (FNEF) closed last week.

IR asked who were the 'Runners and Riders' in the AMR/SMR competition and how many designs were being 're-hashed'.

AH responded that the International Atomic Energy Authority (IAEA) had a database of different designs. How many would get through would depend on a number of factors.

IR asked which designs had been successful.

Claire Bailey (CB, BEIS) posted the link to the successful organisations for the [AMR competition](#)

Andrew Blowers [(AB, Blackwater Against New Nuclear Group (BANNG))] asked what was known about discharges from SMRs and what would that mean for justification? AH responded that it would be part of the regulation process and captured in the generic design assessment.

Alan McGoff (AM, Environment Agency) observed that it was included in step 2 and at 6 months into the assessment.

Questions had been sent in advance by NGO on AMRs / SMRs.

i. What role could Small Modular Reactors play in the energy system of the future?

Nuclear was a reliable source of baseload energy that complemented high levels of intermittent renewables and could also play an important a role in

'beyond the grid' applications such as the production of hydrogen and synthetic fuels for future use.

All nuclear reactor technologies had the potential to create clean hydrogen, heat, and synthetic fuels to enable deep decarbonisation of our energy system toward Net Zero.

ii. What are the potential benefits of SMRs?

SMRs were potentially less expensive to build, and quicker to deploy, than traditional nuclear power plants because of their smaller size, factory based modular build and more flexible deployment options.

Smaller nuclear load-blocks may also offer system operation and resilience benefits by allowing for flexibility.

iii. When are Small and Advanced Modular Reactors likely to be deployed in the UK?

We would anticipate that SMRs would be deliverable in the UK by the early 2030s and next generation advanced modular reactors later in the 2030s and 40s.

Our aim was for the first SMRs and an AMR demonstrator to be deployed by the early 2030s.

iv. What is the Government doing to ensure new nuclear, including small and advanced modular reactors, adhere to the UK's national security requirements? Are SMRs and AMRs safe?

The UK had a robust safety and security regime enforced by an expert independent regulator.

Any nuclear reactor that operated in the UK, now or in the future, would be covered by these safety and security regulations.

v. Why Advanced Modular Reactors? / How are they different to other reactors?

AMRs used novel coolants and/or fuels and typically had higher temperature outputs (~500-950°C) and smaller power outputs than conventional reactors. The low-carbon, high-temperature heat from AMRs could be used for hydrogen production, process heat for industrial and domestic use as well as cost-competitive electricity generation. Consequently, AMRs complement SMRs because the AMRs were more suited to different applications.

vi. Why don't you focus on SMRs as the future of nuclear in the UK rather than Gigawatt-scale reactors?

SMRs could play an important role alongside large nuclear as a low-carbon energy source that would support a secure, affordable decarbonised energy system.

SMRs have the potential to be less capital expensive to build than traditional nuclear power plants because of their smaller size, factory-based modular build, and greater flexibility in deployment.

We announced further support for new smaller scale nuclear as part of the Prime Minister's recent 10-Point Plan including creating an up to £385 million Advanced Nuclear Fund.

Alongside Sizewell C, the Government would also continue to engage with other developers in the UK new nuclear market.

vii. Why have you chosen Rolls Royce to build the first SMR?

To have deployed up to 24GW by 2050, the Government intended to take one project to Final Investment Decision (FID) this Parliament and two projects to FID in the next Parliament, including SMRs. As with any Government decision, this will be subject to value for money, relevant approvals and technology readiness/maturity.

Government intends to initiate a selection process in 2023, with the intention that we will enter negotiations with the most credible projects to enable a potential Government award of support as soon as possible

The British Energy Security Strategy announced that Government will scope and set up a new flagship GBN, a body to enable nuclear projects and get us on a pathway to meet our ambition of up to 24GW by 2050 around 25% of the UK's expected electricity demand.

GBN will be tasked with helping projects through every stage of the development process and developing a resilient pipeline of new build projects, including GW and MW scale reactors.

Simon Bowen is advising government on the scope of GBN and Ministers are currently considering his recommendations.

1.4 ONR /Taishan - Frankie Brookes

CH introduced Frankie Brookes (FB, BEIS) who gave an update on the situation with Taishan.

The Government understands that Taishan has now returned to operation.

The Office for Nuclear Regulation (ONR), the UK's independent nuclear regulator, has been in regular contact with the French, Finnish and Chinese regulators on the Taishan fuel failure issue during the past year. The knowledge gained would be used to help inform ONR's regulation of nuclear plants in the UK, like Hinkley Point C, where the European Pressurised Water Reactor (EPR) will be installed.

In line with ONR's expectations, all options are being considered by the Hinkley Point C project to address the operational experience from Taishan.

The ONR is holding detailed engagements with Nuclear New Build Generation Company (NNB GenCo) regarding its plans to address the Taishan fuel and core operating experience for Hinkley Point C. Any proposals or modifications will be rigorously assessed by the ONR in due course, once submitted.

The ONR is content that there remains sufficient time to address any potential learning from Taishan as fuel is not expected to be delivered to the Hinkley Point C site for several years.

AD said she believed the cause of the Taishan incident had been vibration problems and it appeared clear that turbulence from the turbines has been the root cause.

CH said that he would take away ask ONR to respond. AM reminded the NGO meeting that the Environment Agency was also working with ONR on the Taishan issue.

Action: CH to discuss Taishan issues with ONR and request a response to NGO's concerns

Paul Collins (PC, Stop Sizewell C) asked whether this had been factored into the work for Hinkley Point C (HPC) and whether the design would need retrofit. Daniel Jones (ONR, DJ) said that this would be a technical answer, but no-one was 100% certain what was causing the issues.

AD said that the ONR Forum would be next week and the subject would be discussed there.

2. Sizewell C (SZC) – Erin Coghlan / Grant Evans

Chaired by AD, BEIS Officials gave an update

Declan Burke was unable to join the call and therefore Erin Coghlan (BEIS, EC) would answer all questions.

AD - Questions submitted.

i. What is the status of the project after Friday's Media announcement?

EC said that the position of the project had not changed since BEIS previously updated the group. His Majesty's Government (HMG) were still in constructive negotiations with the project. There was no validity to any publicly made hypothetical commitments. Negotiations were still ongoing and yet to get to a conclusion.

ii. Status of HMG role in project

BEIS was in constructive, ongoing negotiations on Sizewell C, with the aim of delivering a key objective of the British Energy Security Strategy – to take at least one large-scale nuclear project to a Final Investment Decision (FID) this Parliament, subject to Value for Money (VfM) assessment and all relevant approvals.

AB said that the vfm assessment must be worsening by the day. There was nothing in the public domain about that yet.

EC said BEIS was in dialogue with the project's developers - these are commercially sensitive; BEIS could not comment further.

iii. Status of CGN role in project

China General Nuclear Power Group (CGN) currently have a 20% stake in SZC.

No agreement on the final configuration of investors for the next stages of the project have been made. We remain in commercial discussions with EDF and CGN on the future shareholder mix. These negotiations are commercially sensitive, and we cannot comment further.

AB asked about the status of CGN in respect to the investment in HPC, SZC and Bradwell.

EC replied that the Government committed to taking a special share as a condition of designation for future RAB projects. Commercial negotiations are ongoing which are sensitive regarding the structure of the project and potential HMG investments.

iv. Status of £700m verbally pledged by Boris Johnson, including terms and conditions.

Negotiations on Sizewell C are ongoing, and we cannot comment on active and commercially sensitive discussions, but negotiations have been constructive.

AD said it was clear we are expecting an announcement in connection with FID in the Autumn Statement. As inflation hits 10% from some of the subtext from Andy Briggs, they wanted to clarify the rate of return.

v. Update on the status of investor recruitment

AB said that Phoenix Group have been reported to be interested in investing in the project but there was a risk that information sharing was not robust, and HMG would still need to clarify the rate of return.

Doug Parr (DP, Greenpeace) said he was pleased to hear there would be a VfM assessment. EC had mentioned it would be on an ongoing basis. When would that be in the public domain and before contracts are signed?

EC replied that commitments were given during the nuclear financing act regarding publication of VfM assessments, one at the point of designation for a RAB funding model and one during when entering of a RAB revenue collection contract. HMG and Ministers believe that, subject to approvals and

VfM, the project would work towards net zero and security of supply ambitions.

Chris Wilson [(CW, Together Against Sizewell C (TASC))] asked that as there was no net-zero strategy which had been finalised, how can SZC fit into that strategy? What assessment was ongoing from BEIS to ensure EDF was suitable as a partner?

EC replied that BEIS has had multiple presentations within the forum of combinations of technology that could give net-zero compliance systems and analysis to bring forward delivery considerations for assessing suitability. BEIS was in dialogue with generators regarding the design and conditions of potential options.

NC said the NGO intended to bring up the wording used surrounding SZC's importance with ministers to ensure that the communication was constant and informed by BEIS.

vi. Expected timeframe for FID

AD said that EDF had made it clear during the Science and Technology Committee that they were expecting an announcement in the upcoming Autumn Statement, and they expected HMG would take it to a FID in 12/18 months.

EC responded that HMG would be targeting a FID within the current parliament, subject to approvals. Assessments would have to occur though, before construction to show what were the risk and the benefits for the consumers both monetised and non-monetised.

The retiring fleet and recent decommissioning costs are a matter for EDF to provide their domestic capacity and oversight to BEIS.

This government has been supportive of new nuclear power, this was set out in the manifesto. Minister's view SZC as an important part of the nuclear strategy.

vii. Update on expected price of electricity

The current issues with high electricity prices highlight the value of having nuclear as part of our energy mix. If operating today, based on current gas prices Hinkley Point C (HPC) would be saving consumers more than £4bn a year.

The Government is taking steps to break the link between abnormally high gas prices and how much revenue low-carbon electricity generators receive. This will help to allow consumers to pay a fair amount for their electricity and ensure electricity generators are not unduly profiting from the energy crisis caused in part by Russia's invasion of Ukraine.

EC responded that HMG would be targeting a FID within the current parliament, subject to approvals, in line with public commitments. Assessments would have to occur though, before construction to show what were the risk and the benefits for the consumers both monetised and non-monetised.

viii. Update on cost of RAB on consumer given financial uncertainties (investors likely wanting more incentive) and rising interest rates

We estimate that a generic large-scale project using the RAB model would add only a few pounds to typical household bills during this Parliament and on average around £1 per month during the full construction phase of the project.

ix. Policy question about the contradiction between the Truss government suspending green levies, which was for 2 years but is now only 6 months and imposing a nuclear levy (Q was really for minister if he been able to attend. Interested in officials' views, though)

EC said that schemes previously funded by green levies will continue to be funded by the government through Energy Price Guarantee which lasts until April 2023 to ensure the UK's investment in home-grown, secure renewable technologies continues. The Government has launched a Treasury-led review into how we support energy bills beyond April next year.

x. Assessment of EDF's capability to finish HPC, fix the French fleet, embark on French new build programme, AND build Sizewell C

EC said that construction of HPC has helped to establish a UK supply chain for EPR projects. If approved, SZC would be able to use this supply chain and the lessons learned from HPC during its construction.

The jobs and skills base created by these projects could also support the delivery of our future nuclear objectives.

Questions on the French nuclear fleet and EDF's plans in France would be for EDF and the French Government to answer.

3. Uranium Security of Supply - Lindsay Jamieson

AD to facilitate Q&A

NGO members had requested a written strategy paper from BEIS on UK uranium security and supply following concerns about Russian and Chinese influence on global supplies.

Officials had responded that: "HMG could provide a high-level overview of UK nuclear fuel supply and an update on the Government's approach to preserving UK fuel production capability. However, we would not be able to

provide a strategy paper for review because the procurement of fuel, including uranium, was also a commercial matter for reactor operators.”

Questions on the following topics were submitted in advance on uranium security of supply:

- i. **BEIS’s stance on sourcing uranium from Russia and China on energy security**
- ii. **BEIS’s view on significance of NATO’s exposure to Russia and China on uranium imports**
- iii. **BEIS’s actions to reduce NATO exposure over short, medium and long-term**
- iv. **Reasons for not including uranium in sanctions against Russia – and whether UK Government Ministers knowingly misadvised public on economic and security consequences**
- v. **Plans to access uranium to meet 24GW by 2050 during global demand**
- vi. **Impact of increased electricity demand on indigenous peoples whose lands may need to be mined.**
- vii. **Proposed discussions with NATO on uranium security and supply**
- viii. **Discussions which had taken place at ministerial level over NGO concerns**

Lindsay Jamieson (LJ, BEIS) outlined the following in response:

- Fuel supply to the UK fleet was a commercial matter for the operator, EDF. For reasons of commercial sensitivity, we could not discuss the detail of these arrangements; however, HMG continued to engage closely with EDF who has provided assurance on continuity of supply and availability of uranium and fuel for Sizewell B.
- Fuel for the reactor up until 2024 has already been secured and was procured prior to the invasion of Ukraine. EDF has previously stated that AGR fuel is not sourced from Russia.
- In line with the G7 Leaders’ Statement in June, the UK was committed to working with our international partners to reduce global reliance on Russia for civil nuclear goods.
- The Leaders’ Statement said: *We will further reduce reliance on civil nuclear and related goods from Russia, including working to assist countries seeking to diversify their supplies. We task our relevant Ministers to evaluate the feasibility and efficiency of these measures urgently.*
- We continue to work closely with G7 and other international partners on civil nuclear issues, including fuel supply. This includes recent discussions in the margin of a recent multilateral events as well as directly with bilateral partners. I cannot discuss detail of these conversations here but continue to collaborate closely on our shared priorities to understand global supply chains and develop solutions to reduce reliance on Russia.

- The UK has a long history of nuclear fuel fabrication and enrichment, with significant onshore capability. Along with reliable international partnerships, this has been a key part of supplying the UK fleet over decades.
- Through the Nuclear Fuel Fund HMG will partner with industry to invest up to £75m in the UK nuclear fuel supply chain. We anticipate launching the NFF competition this year, and further information on the fund structure and timing will be shared shortly. The focus of the fund will be on preserving and developing UK fuel production to support both UK and international energy security.

Ian Ralls (IR, Friends of the Earth Network) said that although uranium was readily available it still had to be mined. Most comes from Niger in West Africa, a major supplier.

LJ outlined that according to the World Nuclear Association, the world's known uranium resources increased by one quarter over the last decade due to increased mineral exploration.

In 2020, The OECD Nuclear Energy Agency & IAEA "Red Book", on uranium supply stated that 'sufficient uranium resources have been identified to support even the most aggressive scenarios of growth in nuclear generating capacity.'

Uranium is a relatively common element, approximately as common as tin or zinc and it is a constituent of most rocks. The availability of uranium resources is relative to both costs of extraction and market prices.

4. Decommissioning Funding –

Lead CH , Alison to facilitate Q&A

Questions were submitted prior to this meeting

- i. **A Funded Decommissioning Programme (FDP) was submitted by EDF to BEIS on HPC development. Can BEIS share the FDP with the Forum to provide reassurance that EDF Energy as a nuclear operator is pledged to 'meet the full costs of decommissioning, waste management and disposal'?**

CH said that BEIS could reassure the meeting that EDF could meet the full costs of decommissioning, waste management and disposal. Also, to note that the GOV.uk page setting out the details of the HPC FDP was shared with the forum prior to the meeting.

Under FDP arrangements, periodic reviews will be undertaken of the decommissioning plans and costs over the lifetime of stations to help ensure

that prudent financial provision continues to be made to meet final decommissioning costs.

AD said that Richard Bramhall [(Low Level Radiation Campaign (LLRC))] had asked a question previously about status of Funding Decommissioning Plans for Hinkley Point C. The Shared Funding Decommissioning Agreement had been shared; however, Richard had not had time to look at in full yet.

- ii. **Discount rate for long-term liabilities - referring to previous correspondence, Alison asked what advice to [BEIS's] knowledge the Treasury has given the Nuclear Liabilities Financing Assurance Board on the appropriate discount rate for long-term liabilities, specifically whether negative discount rates are appropriate for long-term nuclear liabilities.**

Timings for discount rate 2014/21015 changed from positive to a negative in 2015/2016 around time when HPC plan was written – minus .8%. Negative discount rates have been recommended for these funds, consistently ever since. Looking for contact for Nuclear Liabilities Fund Advisory Board – would like contact details from BEIS.

Supplementary from AB (this has been the topic of correspondence with Michael Lindsay, (BEIS, ML) concerns the discounting rate referred to on page 139 of the NDA's 2021/22 Annual Report and Accounts: *"The Authority applied the discount rates published by HM Treasury in December 2021, resulting in an impact of £84.0 billion"*.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1090874/NDA_ARAC_2021_22_-_130722.pdf

In a recent reply, ML wrote: *"We have seen large swings in both directions on discount rate levels in the last few years with the move from fixed discount rates to market-linked discount rates, linking the discount rate to the Government's real terms borrowing rate, which fluctuates over time. It is also worth noting that these rates are very sensitive to movements in borrowing rates and predicted inflation. As a result, the impact of this is felt particularly acutely on very long-term projections such as the NDA nuclear provisions, due to the cumulative effect of the rates being compounded over very long terms (up to 120 years in our case)."*

Q: Given the above, please can BEIS provide information on what advice the Treasury has given the Nuclear Liabilities Financing Assurance Board (NLFAB) on the appropriate discount rate for long-term liabilities, and specifically whether negative discount rates are appropriate for long-term nuclear liabilities?

AD asked whether negative discount rates would be consistently applied to nuclear funds? When money was needed how would this work? What long term plans would there be to deal with this issue?

CH asked whether the NGO had asked HMT (HM Treasury).

AD replied that it had asked HMT and received back public expenditure figures.

CH said that negative discount rates would apply. ML's comments (back to the previously asked written question) had said small changes here produced large change year on year. We would follow the guidance of the day which was provided by HMT. Each project or entity had its own FDP. BEIS would look out contact details for the NLFA Board. Does it exist other than when government asks it to? Could BEIS share names, but does it sit, and can we ask them formally?

EC said that the NLFAB panel was stood up for Sizewell advice. BEIS provided the secretariat. The Government Actuaries Department advises on discount rate not HMT. On NLFAB points, please come through BEIS as there was no formal NLFAB address. EC said she could facilitate points to feed in.

AD said she would feed into EC. AD added that forum members no longer had a generic BEIS e-mail address to contact officials; the alternative was to use Private Offices or BEIS officials here. But could we have one?

Jon Sutton (BEIS, JS) said ML was dealing with the negative discount rates but if there were nuclear related questions NGO could use the ND mailbox. cnrdcorrespondence@beis.gov.uk. If non-nuclear the BEIS complaint line should be used instead.

- Supplementary from Alison (this has been the topic of correspondence with Michael Lindsay, BEIS) concerns the discounting rate referred to on page 139 of the NDA's 2021/22 Annual Report and Accounts: *"The Authority applied the discount rates published by HM Treasury in December 2021, resulting in an impact of £84.0 billion"*.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1090874/NDA_ARAC_2021_22_-_130722.pdf
- In a recent reply Michael Lindsay wrote: *"We have seen large swings in both directions on discount rate levels in the last few years with the move from fixed discount rates to market-linked discount rates, linking the discount rate to the Government's real terms borrowing rate, which fluctuates over time. It is also worth noting that these rates are very sensitive to movements in borrowing rates and predicted inflation. As a result, the impact of this is felt particularly acutely on very long-term projections such as the NDA nuclear provisions, due to the cumulative effect of the rates being compounded over very long terms (up to 120 years in our case)."*

5. Closing Remarks from Co-Chairs – CH and AD

CH and AD thanked everyone for their attendance.

Owing to the meeting over-running there were no closing remarks from the Co-Chairs.