

DESNZ Nuclear NGO Forum Minutes
24th May 2023
12:30-14:00
Microsoft Teams and Conference Room

1. Opening Remarks and Role of the Forum discussion – Chris Heffer (CH) and Alison Downes (AD).

There was a robust discussion on the question of how the department engages with groups who are taking legal action against the department. It was agreed that the department should seek more clarity on this position as look to have future Ministerial engagement. CH added that it is key for the Government to engage with all groups equally and fairly and that such engagement is an important part of democracy.

2. DESNZ Policy Updates

Sizewell C:

Erin Coghlan (EC) gave an update on the progress of Sizewell C (SZC). Advising of progress on capital raise and that the final investment decision target still remained within this parliament but nothing has been made as yet on SZC. The Regulated Asset Base (RAB) model secondary legislation had gone through Parliament, which set out how funding flows, not solely SZC, for RAB. Special administration secondary legislation needs to come through but this was subject to parliamentary time.

On the wider nuclear financing landscape, the Chancellor stated the Government's intention to include nuclear in the new UK green taxonomy subject to consultation. The Government provided a further update as part of the Green Finance Strategy. The consultation on the taxonomy is expected to launch in the Autumn but currently cannot update further when more is known as this is a HM Treasury lead.

Questions were raised by the Forum regarding the RAB model and the process, EC noted that DDM was mentioned and would be addressed by her colleague in a later agenda item. Regarding the RAB model solely being for nuclear energy production and not renewables, this was confirmed that it applied to new nuclear following on from the NAO committee looking at Hinkley, government should explore greater risk sharing to drive down cost of finance and overall project costs. The additional finance model was felt to be the most appropriate to address this. On RAB applying to smaller and lower cost modular schemes, EC advised that it could apply to SMR activities, electricity generation schemes and to meet designation criteria of SofS, there is no delineation between technology types. A question was raised about EDF's order of costs on proposal for SZC to reimburse Hinkley for first of kind costs and what those costs involved however, this is currently subject to

commercial negotiations and therefore remains commercially sensitive at this point.

Great British Nuclear (GBN)

Marie-Anne Barnes (MB) introduced herself and gave an overview of GBN. Government is committed to new projects beyond SZC and want to give confidence in investors that we are delivering as promised, which has culminated in the launch of GBN which was included in the budget and Powering Up Britain statement. GBN is an arms-length body responsible for the delivery of new nuclear projects and is committed to backing it with funding what it needs, subject to spending reviews and the usual caveats. Operating through a limited company (BNFL), due to the pace of the programme, they are making an amendment to the Energy Bill which sets out GBN's role in nuclear deployment whilst working with the existing legal framework with BNFL. The first priority is to launch a competitive process to select best SMR reactors. Market engagement started in April, down selection is expected in the Summer with GBN to assess and decide on leading technologies by the Autumn.

There was a question around why the arms-length body, MB confirmed that this methodology allows a specialist organisation to focus on the relationship, learning and project repeated benefits to the programme that it will bring. This department has a lot of expertise with an ambitious forward look, GBN will support driving progress faster. When asked about the competitive process and £200m match funding from Rolls-Royce, is there not an UK plc interest in choosing Rolls-Royce or is it open competition? This was addressed that it is open competition and GBN will set out the invitation to negotiate. Rolls-Royce have supported through a separate programme but this is a separate negotiation and will be subject to fair and open competition.

GDF

Jess Parsons (JP) provided the forum with the latest overview, advising that four communities are currently in the siting process, and the process is still open for others to come forward. Work is ongoing in communities with Nuclear Waste Services speaking to communities in local events to build understanding of the GDF and answer questions, including setting out the long-term benefits to the community.

JP was asked about the results of the seismic surveys conducted in the West Coast Cumbrian region, she advised that NWS are working through this initial assessment but did not have firm dates as to when the results would be available. **ACTION:** Check with NWS when final results will be published. Questions arose around the waste policy consultation which closed on the day of the meeting, seeking to understand if this is trying to reduce the amount of waste to go into GDF by reclassifying it. JP responded that proposals are for the lower end, intermediate level waste to be disposed of in near surface facilities. This waste does not need the isolation or containment afforded by a GDF. JP answered a question that sought to clarify that far from

the consultation process slipping major policy decisions 'under the carpet'; the project for near-surface disposal was not on the same scale as the GDF, the repositories would go through the same Town and Planning routes and that all responses are being taken into consideration. NDA will be undertaking their normal engagement process with any facility that comes up in their county.

A member raised a question about the 24GW policy being a significant step up from the 16GW with consequent more new-build waste and footprint compared to legacy meaning that a requirement for more than one GDF. Is the scale of the square kilometres of proposed waste clear to groups.

JP stated that the preference is for one site and that we are at an early stage of a flexible, adaptable design process. The GDF will be constructed and expanded underground as required over many decades of operations allowing for greater flexibility in the agreed inventory. The required capacity will be factored into plans and the siting process in good time. AD asked about proposed timescales; JP is expecting the earliest first waste into a GDF could be 2050's but this may change depending on the complexity of geological investigations.

Hinkley Point C (HPC):

Keith Duncan (KD) provided a verbal update that HPC is scheduled for June 2027 and operation by June 2028 with a risk of 15-month delay. The scheduling had been redone last year and due to outside factors such as the covid pandemic and supply chain issues, and over optimism on estimates there have been delays in finalising the design. Work is ongoing with EDF on the progress and issues and how to unblock those. EDF published a socio-economic report in April highlighting the benefits for the local region and more wider for the UK on employment and education.

EPR/Taishan Learnings:

Alan McGoff (AMc) spoke to these points and advised that the regulators take a strong interest in learning matters as part of their regulation. Regulators work collaboratively on learning both domestically and internationally with the ONR taking the lead for the UK. Learning from Taishan has been part of discussions in the ONR's NGO forum.

Outrage was expressed that the Environment Agency was conducting a consultation on its proposed decision to remove a requirement to have acoustic fish deterrents (AFD) fitted at the cooling water inlets at Hinkley Point C. Concerns were expressed about the EA's statement that the limits and conditions of the permit ensures that people and the environment are protected. Clearly this didn't apply to fish. Also, raised was what EDF were trying to achieve with this including the interference in UK fish stocks by another state. The forum wanted to understand what the Government was doing about this. AMc explained that the EA was proposing regularising the position at HPC to that taken for SZC. At nuclear sites where water is

abstracted from the sea for turbine condenser cooling, the EA regulates only the discharge of the cooling water back into the sea. It does not regulate the abstraction for fish protection purposes, but only for use of best available techniques. The impact of abstraction of the sea water is considered and regulated in planning decisions. The Development Consent Order (DCO) for Hinkley still requires the AFD to be fitted. HPC has advised that it intends to apply to have the DCO changed to remove this requirement. AMc emphasised that no decisions had been made about the permit and concluded that all representations made in the consultation would be carefully considered.

DDM Modelling:

Ben O'Driscoll (BOD) gave an update on the procurement of a new power sector model: the tender is closed and the bids are currently being reviewed. Once a preferred bidder is chosen there will be a negotiation phase, after which we will be able to state who the successful bidder is. The team will continue to use the DDM for the next six months or so, while the new model is implemented.

The Forum was happy to hear about the expected improvements in modelling capability that a new model would bring and asked if the new model would likely be used in the value for money assessment for SZC. EC added that if a new model is ready as we come to assessment phase for SZC then the new version would be used, if not we will work with what we have at that time.

Siting Policy Statement Update:

It was agreed that a written update would be provided in the interests of the time available at this meeting but would be on the agenda for the next meeting.

Integrated Review:

The UK is embarking on a suite of major new nuclear programmes, representing an ambitious and confident renewal of the UK's enduring commitment to civil and defence nuclear.

As outlined in the Integrated Review Refresh, the Government will ensure we are maximising the benefits of working collaboratively across the defence and civil nuclear sectors to optimise our enterprises for the future. This work is being led by the relevant teams in the Department for Energy Security and Net Zero and Ministry of Defence, and we will engage with stakeholders, such as the UK nuclear industry, where appropriate – for instance with the Nuclear Skills Strategy Group, currently co-chaired by EdF and MOD. We are exploring the opportunity for transferring the liability for decommissioning of the Vulcan Naval Reactor Test Establishment at Dounreay to the NDA. There are also a number of companies who deliver for both our civil and defence enterprises and we are looking at how HMG best manages those interfaces.

As part of Government's duty to ensure value for money for taxpayers and efficient delivery of commitments and programmes, while civil and defence nuclear programmes are managed separately, it is natural that we should seek to identify where we might improve the deliverability of major programmes, identify efficiencies or improve sustainability, e.g. in the availability of a skilled and experienced workforce. Such collaborations should be to the benefit of both the civil and defence nuclear enterprises, and we are keen to ensure this supports the UK's energy security and Net Zero goals, as well as national security. The UK remains committed to being a world leader in the field of nuclear non-proliferation and takes our commitments, such as under the Non-Proliferation Treaty (NPT) and to the International Atomic Energy Agency (IAEA), very seriously.

Meeting closed.