

# NGO / DESNZ Forum: 3<sup>rd</sup> May 2024

(This meeting took place under the Sunak Conservative Government)

## Actions:

Action	Responsible
Alison Downes to contact Chris Heffer regarding agenda items for the proposed meeting on Civil-Defence, to ensure appropriate attendance	Alison Downes
Written answers to be provided to outstanding Sizewell C questions before 22 <sup>nd</sup> May	DESNZ
The Managing Radioactive Substances Policy consultation to be put on the agenda for a future meeting	Chairs
Details of FNEF funding awards to be provided to the Forum	Chris Heffer
Discussion of the responses to the siting consultation to be put on the agenda for a future meeting	Chairs
Forum members to confirm whether will be able to attend in-person meeting on July 8 <sup>th</sup> (around middle of the day)	Alison Downes
Alison Downes to follow up with Environment Agency regarding emissions of dust particles as a consequence of Nuclear Power	Alison Downes

## 1. Prologue

Rod Donnington-Smith made a short tribute to Geoff Betsworth, a Forum Member who has recently passed away and who has been instrumental in the campaigning work being undertaken. Attendees at the meeting expressed their condolences.

## 2. Welcome

The Chairs welcomed attendees and thanked them for coming.

The Forum members expressed their disappointment that Erin Coughlan (Deputy Director, Sizewell C Policy and Communications) and Philip Haslam (Deputy Director Sizewell C Regulation and Financing Strategy) were unavailable for this meeting; however, it was noted that a separate meeting has been arranged, to follow a meeting to be held with Minister Bowie on May 22<sup>nd</sup>.

A reminder was made regarding agenda items for a proposed meeting on Civil-Defence.

## 3. Sizewell C SZC- RAB licence response and questions

Questions for this section had been submitted in advance and the minutes are therefore presented in a Q&A format.

- Q1: **What is the current status of the FBC and timing for publication?**

- JW: FBC currently under development and will pass through the relevant gateways required to provide sufficient assurance to Government over the deliverability of the project. FBC published in due course following FID, subject to redactions of any commercially sensitive information.
- **Q2: What is the expected timing of FID and explanation of the sequence beforehand ie who does what and when (When/how does HMG. signify formal approval, does it require an announcement to Parliament?)**
  - JW: still committed to FID this parliament, subject to outcome of equity raise and other approvals. FID is ultimately a decision for ministers, informed by the outcome of the FBC, which is subject to the relevant XWH checks and approvals. Any FID would be communicated to Parliament.
  - Alison Downes (AD): asked if there were any updates on the late spring/ early summer date previously given.
  - JW: clarified that timing still stands, and processes are currently underway.
  - AD: believed that interested parties are to submit final bids in June, asked JW to confirm.
  - JW: unable to confirm due to commercial sensitivities and could not comment further. Reiterated ambition for FID this summer and this as indicative timeline.
- **Q3: Why is the manufacture of large scale components and environmental damage not subject to FID? At HPC the FID was down to EDF, and these costs at EDF's risk but that is not the case this time?**
  - JW: steps to continue project development are designed to help manage the project's longer-term costs and schedule, to help support VfM. All works are in line with DCO and other relevant approvals. In the absence of the FID, investors would be responsible for remediating early works.
- **Q4: What is the government's view of statements by Julia Pyke reported in IPE Real Assets about a 6% return during construction and double digit during operation, given that negotiations are continuing. Is not the purpose of RAB to cover financing costs rather than make a profit at consumers' expense? How would that impact value for money?**
  - JW: the exact terms of the financing agreement are subject to ongoing commercial negotiations, therefore we cannot go into detail of commercial rates.
  - AD: raised that Julia Pyke put those rates into the public domain.
  - JW: reaffirmed that HMG are unable to comment due to the ongoing nature of commercial conversations.
- **Q5: Will the fact that the EPR has proven to be unreliable and has generated limited amounts of electricity be reflected in the VfM/FBC, particularly the risk to energy security? Also, the UK's reliance on the French with EDF owning 80% of Framatome and France's focus being on their 6 new plants. Will the VfM/FBC take into account resilience as there is no final design for the sea defences or guaranteed sustainable potable water supply?**

- LC: DESNZ VfM assessment for the SZC project tests a range of load factors and lifetimes for the project. Historic data for nuclear plants has demonstrated that on average they achieve higher load factors as baseload plants, compared to other technologies, such as the intermittent generation from renewables. SZB is aiming for a lifetime availability of 84.4%. There are also more learning opportunities for EPRs, with three plants using EPR reactors being operational worldwide. For SZC EPRs continue to be the most viable given there is more operational application experience, and the opportunity to replicate 80% of the design of HPC.
- Additionally securing contract with Framatome ensures quality assurance. Can replicate Hinkley equipment, comes with timing and quality advantages doing at this time.
- **Q6: Regarding the £2.5 bn govt funding, can DESNZ advise where, in the 2022 spending review, the full £2.5bn that has been allocated to SZC was set out?**
  - LC: The budget allocated for Sizewell C was not specifically itemised, but the value of the funding allocated was included in the department's (then BEIS) Capital Budgets (Table 2.2: Departmental Capital Budgets - Capital DEL (CDEL) in the Autumn Statement document).
  - Shared reference to table 2.2 in the Autumn Statement document.
- **Q7: Please confirm that the UK government's stake in the Sizewell C project is/will be recorded on the government's OSCAR II software as a stand-alone project.**
  - LC: We are checking the answer to this question with DESNZ finance and leads for corporate reporting – we will revert on this question following the meeting.
- **Q8: Please advise the level of oversight, if any, that UK Government Investments will have over the operation of Sizewell C.**
  - JW: Confirmed DESNZ continues work very closely with UKGI, who provide advice to DESNZ in their capacity as shareholder in SZC.
- **Q9: Assuming Sizewell C is recorded on the OSCAR II system, which organisation will be responsible for reporting costs to OSCAR II.**
  - JW: We are checking the answer to this question with DESNZ finance and leads for corporate reporting – we will revert on this question following the meeting.
- **Q10: What is the anticipated price to be charged for SZC's electricity?**
  - JW: SZC will sell electricity into the baseload market which will dictate prices. The licence contains an obligation on SZC to maximise market revenues, thereby helping to minimise any required top-up payments to meet the Allowed Revenue.
  - AD: this assumes there will be a fixed level otherwise don't know how much top up payment there will be. Ofgem allowed to set. Pursued a ballpark figure for the allowed revenue that would have been used for VfM.
  - JW: confirmed DESNZ do have a figure, but he does not have it to hand. It would have been factored into VfM, however it is also commercially sensitive.

- AD: to follow up at meeting 22/05.
- John Busby (JB): estimate for SZC is still £20bil, HPC is £50bil, how can DESNZ expect to get 60% investment until they publish a price? Suggested it was not possible to go to market without knowing cost, and at £50bil cost there's not enough return on capital to make a return.
  - JW: lots of due diligence on the project for the equity raise to ensure it is VfM and DESNZ is comfortable with their cost estimate for the project. Thinking about how we best inform public about project costs. Understand importance of understanding project costs and how that interacts with VfM.
- **Q11: How important is the Great Grid Upgrade for SZC?**
  - JW: SZC's plans for connecting the project to the grid are set out in the project's DCO application. We recommend contacting National Grid for further updates on the Great Grid Upgrade.
- **Q12: What is the precise status of contracts with Framatome? EDF's URD states BOTH that it is underway and subject to FID, but Julia Pyke's Community Newsletter and comments to the Community Forum states that "big kit" is underway. What exactly has been ordered?**
  - LC: Contracts are sensitive at this point. Early works are considered within the spend of project and equipment must be ready for when SZC require it to preserve the planned schedule.
- **Q13: What is the exact value of the contract for equipment for construction? What is the exposure of the taxpayer to this commitment?**
  - AD: Understood that orders must be placed to stick to schedule but raised this has a financial risk.
  - LC: Reiterated figure is sensitive but to confirm whether DESNZ can share for next meeting.
- **Q14: Re relationship between Framatome and Rosatom - what guarantees are there that the uranium for the fuel or the fuel itself will not be sourced from Russia or its cohorts? Particularly as the Framatome PR refers to "A long-term fuel supply agreement" - will it be for the full 60 years?**
  - Negotiations on the contracts for supply of fuel to SZC are ongoing and commercially sensitive.
  - AD: US banned Russian uranium recently, will UK also have a ban?
  - Chris Heffer (CH): confirmed UK to eliminate all Russian fuel from supply chain by 2030.
- **Q15: Does DESNZ acknowledge that, even though the SZC project [faces a list of issues] Should it not at least have required EDF to delay such work until many or all of the outstanding issues are resolved?**
- JW: Confirmed all work carried out to date is in line with permissions, including DCO, and all early works have commenced for VfM.
  - Pete Wilkinson (PW), highlighted the local distress about damage from early works and what has to happen before FID. Reiterated the issues in the

question and suggested it was not good enough to not tell EDF that all these things need to be sorted out before FID. Emphasised local desire for an answer to these questions and ensure works are done with due consultation and an understanding the strength of local feeling.

- JW: acknowledged local strength of feeling and agreed SZC are committed to best practice.
- Chris Wilson (CW): asked how SZC are considering concerns regarding sea defences and ensuring a sustainable water supply.
- LC: to get an update on potable water supply for next meeting. Confirmed sea defences are designed on critical path and SZC will work with cost and schedule to finalise sea defences and give best possible outcome.
- CW: suggested this approach has an assumption that there will be a solution.
- AD: highlighted the minister wrote to EDF regarding the water supply, however NGOs are yet to hear the response.
- Ian Ralls (IR): Raised understanding that electricity is to be released to the baseload market and belief that this is out of date.
- Question raised regarding UK purchasing Russian uranium. CH clarified there are no direct purchases from Russia currently, though there is some risk that there might be Russian uranium in the supply chain through purchases through Framatome/ Germany. The 2030 date relates to eliminating future Russian sources.
- Paul Collins (PC): Raised current model for sea defences is a potential and what would be adapted during the process. Highlighted belief that designs do not look realistic due to 14m protrusion of the wall, and questioned whether this will jeopardise the coast line long-term by worsening erosion in other areas of the bay.
- LC to get a more detailed response to the question.
- Answers to remaining questions will be given in person on the meeting on 22<sup>nd</sup> May 24.
- NGOs requested written answers before 22<sup>nd</sup> May.

#### 4. Managing Radioactive Substances/Decommissioning

The Forum members were updated as follows:

- the final updated policy framework for Managing Radioactive Substances and Nuclear Decommissioning and government response to the consultation carried out last year will be published imminently (likely within the month);
- this will result in a single UK-wide policy framework;
- the aim of the updated policy is to encourage innovation and more sustainable, speedier and cost effective decommissioning and management of radioactive substances;
- Key policy changes include:
  - - extending application of the waste hierarchy;
  - - allowing the NDA to develop additional disposal facilities for intermediate level waste;

- placing a greater emphasis on building decommissioning and waste management into the design of new nuclear projects.

It was noted that the changes in relation to near surface disposal of intermediate level waste are in line with the recommendation of the NGO community and thanks was expressed for the update. In discussion, the following clarifications/ further pieces of information were provided:

- decommissioning was already built into project design in the 2004 policy. This version puts more emphasis on it;
- this policy is UK-wide (ie it includes Scotland) and the Devolved Administrations were involved in its formation;
- government is seeking quicker and more effective disposal mechanisms, and this enabling policy gives the NDA the freedom to develop new disposal facilities (GDF) that could take some of the less hazardous intermediate level waste;
- there is no policy change in relation to end-states; future use of sites should take account of the local community's views;
- waste from what we know about current SMRs design will be suitable for disposal in GDFs; novel waste from AMRs would have to undergo a disposability assessment;
- in response to a specific question on the suitability of a location under the Irish Sea for a GDF it was noted that while initial studies had been carried out, there would be a lot of geological investigations necessary before it could be established that this would be a suitable location;
- current policy is that waste should not be retrievable once a disposal facility has been closed; this is backed by the regulators as being the safest option.

It was noted that the final policy would be out shortly and that further discussions could be held once this had happened.

## 5. Nuclear Justification

This was a for-information item, in the interests of sighting Forum members on process and a current justification application.

As background, it was explained that before new reactors can be approved, there is an assessment of whether the benefits outweigh the potential risks. Requests for this assessment are submitted to the DESNZ Justification Application Centre by the owners of the design (it's specific to the technology and class of use, not the site) and, should the applications fit within the guidelines, are passed on to DEFRA for decision (there is a requirement for functional separation). Elements under consideration would include (but are not limited to) waste disposal, nature and volume of waste, mitigation, regulatory, physical security of the electricity supply and also elements outside of the plant itself including transport, carbon reduction implications for health (the general public and plant workers). DEFRA make decisions on the applications after consultation with statutory bodies (such as the environmental regulators, ONR, UKHSA, FSA and HSE) who provide the technical expertise. If successful, following the justification, there are additional approvals processes to be completed before a reactor can be built, including operational and site-specific issues.

One recent application has been for a lead-cooled reactor which has not been justified in the UK before. The application was made by the NIA and is now being considered by DEFRA. This is expected to take at least two years and DESNZ expects that there will be a public consultation on the application.

There were some follow-up questions and answers as follows:

- Q: If there is uncertainty on the health (eg issues with low-level radiation as covered in a recent BMJ study), then it would not be possible to do a balance of benefits/ disbenefits. How is this managed?
- A: this forms part of the advice that the Secretary of State will need to consider. If it is not possible to compare the benefits and disbenefits then it may be decided that it is not appropriate to approve. Decisions can be challenged, and reviews of previous applications can be requested if it is possible to show that not all elements that should have been considered were taken into account.
- Q: It was said that a lead-cooled reactor has been proposed; this can't be called a new technology. Is it a fast-neutron reactor?
- A: Yes, it is a fast-breeder reactor. We are calling this new because it has so far not been justified in the UK (or anywhere else to our knowledge).

#### 6. Future Nuclear – Alternative Routes to Market consultation update and Future Nuclear Enabling Fund

A short update was provided to say that the Alternative Routes to Market consultation has now closed and that the Future Nuclear Enabling Fund has made some awards. Details will be provided.

#### 7. AOB

- a. Forum members noted that the scheduled meeting at 9.30am on 22<sup>nd</sup> May would be challenging for members to attend due to travel constraints. It was noted that Ministerial commitments mean that it is unlikely this can be changed, however, the meeting will be hybrid so colleagues can join online if unable to get to London in time for the meeting.
- b. An in-person meeting is provisionally arranged for July 8<sup>th</sup>, likely to be around the middle of the day to ease transport issues, and is expected to include a more substantial discussion on the siting consultation. The meeting is slated to last for 2.5 hours (3 including breaks); confirmation requested that Forum members will be able to attend.
- c. Concern was raised that an FOI had been submitted but that, while some government departments had responded, the Environment Agency and DESNZ had declined to respond. It was explained that those in the room were not aware of the request and the advice was given initially to narrow the scope of the request and then, should this not result in a response, to approach the Information Commissioner's Office (ICO) for a review of the request.
- d. The collation of responses to the siting consultation is underway; this to be picked up in the next meeting.
- e. It was mentioned that the Environment Agency has not responded to a question raised about dust particles being emitted as a result of nuclear power and was asked whether DESNZ can facilitate the release of this information. Alison Downes offered to follow this up with the Environment Agency for a written answer.

#### 8. Meeting closed.