

Addendum

1 Context

- 1.1** This Addendum, produced by the Department of Energy Security and Net Zero, to the advice issued by the Nuclear Liabilities Financing Assurance Board to the Secretary of State for the Department of Energy Security and Net Zero on 22 July 2025 (the “**Advice**”) has been published to clarify:
- 1.1.1** that the Authority has discretion as to whether it will take enforcement action if the Operator breaches the SZC Economic Licence; and
 - 1.1.2** the circumstances in which HMG may exercise the right to discontinue pursuant to the Discontinuation and Compensation Agreement and the versions of the Economic Licence and the FAP used to prepare¹.
- 1.2** Defined terms used in this Addendum have the meanings given to them in the Advice unless stated otherwise.

2 Clarification with respect to footnote two of Annex 3

- 2.1** Footnote two of Annex 3 states as follows:

“Note: The Board notes that, pursuant to paragraph 11 (Funded Decommissioning Programme payment obligations), Special Condition 13 (Funded Decommissioning Programme) of the SZC Economic Licence, the Operator must, by no later than ten (10) Working Days prior to the end of each calendar month, pay the full amount of the Monthly Contribution for the subsequent calendar month into the FDP Account. Breach of the SZC Economic Licence would make the Operator subject to an enforcement action by the Authority under the 1989 Act.”

- 2.2** For clarity, it should be noted that the Authority has the right to take enforcement action where there is a breach of the SZC Economic Licence, but it is not obliged to do so (and may not do so).

3 Clarification with respect to Row B.6 of Annex 5

- 3.1** With respect to the ‘Funding Shortfall Risk Event’ column for row B.6 of Annex 5, HMG may exercise the right to discontinue:
- 3.1.1** where supplemental compensation provided under the Supplemental Compensation Agreement is greater than the Discontinuation Trigger Threshold;
 - 3.1.2** where supplemental compensation is provided under the Supplemental Compensation Agreement in event of a Significant Unavailability Event;
 - 3.1.3** in circumstances of a cost overrun, where HMG has received a contingent financing request under the Contingent Financing Agreement which has not otherwise been withdrawn or in relation to which HMG has not already committed to provide funding;

¹ Note: the purpose of this clarification is to set out a more fulsome summary of the Secretary of State’s discontinuation rights under the Discontinuation and Compensation Agreement. There have not been any changes to the Discontinuation triggers as set out in the version of the Discontinuation and Compensation Agreement that was published on 22 July 2025.

- 3.1.4** in circumstances of a cost overrun, where HMG, taking into consideration their obligations under section 6(4) of the 2022 Act, acting in its statutory capacity, no longer assesses that the support provided by consumers under the SZC Economic Licence and the Revenue Collection Contract provides value for money and (following consultation with the Authority and the ONR) concludes that to Discontinue is the most appropriate course of action in the circumstances; or
- 3.1.5** in circumstances of a cost overrun, irrespective of whether the Operator has issued a request for an increase in the Allowed Revenue or a contingent financing request under the Contingent Financing Agreement.