UK Government

Consultation on financial support for nuclear lifetime extensions

Government Response

Department for Energy Security and Net Zero (March 2026)

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Introduction

On 10th December 2025, the Secretary of State for Energy Security and Net Zero (hereinafter referred to as “HMG”) launched a consultation seeking views on amending the Contract for Difference (CfD) legislation, to enable existing nuclear generating assets to be eligible for CfDs to incentivise investment into lifetime extensions.

The proposals outlined within the consultation document seek to amend the CfD framework to enable existing nuclear generating stations to access CfD support for lifetime extension investments, providing a stable revenue mechanism that underpins the financing of necessary refurbishment works and long-term operational commitments. The proposed changes would be supported by a wider government approvals process to ensure that only projects capable of delivering safe, efficient, and cost-effective continued generation can access any CfD-backed extensions, thereby supporting system security, reducing overall system costs, and maintaining low-carbon supply during the transition to a fully decarbonised electricity system. Rigorous value-for-money assessments would be applied before the award of any individual CfD.

The CfD framework was established to provide long-term revenue stability for low-carbon generation. Under the proposals set out in this consultation, existing nuclear generating stations would be able to access CfD support for the first time to facilitate investment in lifetime extension activities. This would, in turn, help sustain the specialist expertise required to manage lifetime extensions and support the efficient delivery of additional low-carbon generation from existing assets.

To ensure that HMG had considered the appropriate balance of risk, a range of bodies were invited to consult on the proposed amendments, including:

- Office of Gas and Electricity Markets (Ofgem).
- National Energy System Operator (NESO).
- The Devolved Governments of Scotland, Wales, and Northern Ireland.

The consultation questions were as follows:

1. **Do you have any comments on the proposed legislative amendment set out above, which would enable nuclear plant lifetime extensions to be eligible for CfDs?**

2. **Do you believe that the proposed amendment could have an impact on people with protected characteristics and what form would these impacts take? Please provide evidence to support your answer.**

3. **Do you have any further views on the proposed amendment’s interaction with the environmental principles?**

Consultees were encouraged to read the consultation document published on GOV.UK.

The consultation closed on 21st January 2026. A range of views from consultees were received, all of which HMG has considered carefully to help to shape the final policy position for enabling CfD support for nuclear lifetime extensions. This document summarises the feedback received from consultees and HMG's response to these issues raised. It also outlines the next steps for implementing the proposed amendments to the CfD framework.

Summary of Responses

13 responses to the consultation were received. These included responses from energy sector stakeholders, including electricity generators, investors, and supply-chain organisations, alongside responses from statutory consultees. These have been considered carefully and will shape the final legislative amendments.

General feedback from consultees included:

- Broad support for enabling CfD eligibility for nuclear lifetime extensions, with many respondents emphasising the value-for-money, energy-security, and decarbonisation benefits of extending existing nuclear assets.
- Concerns from a minority about potential market distortions and requests for evidence of the need for intervention, including risks to wholesale and capacity markets, increased costs to consumers, and the need for full impact assessment and transparency before proceeding.
- Requests for assurance that any CfD for a lifetime-extension project would not affect funding available for renewables, and that the absence of a competitive auction would be addressed through value-for-money and evidence requirements.

Alongside these consultation responses, in considering whether to enable existing nuclear generating stations to access CfD support for lifetime extension activities, the Secretary of State will have regard to a range of key factors, including:

- The UK's statutory carbon targets and commitments, including the requirement to achieve net zero and the role of nuclear generation in maintaining a resilient low-carbon electricity system;
- The interests of existing and future electricity consumers, particularly in relation to cost, affordability, and security of supply;
- The evidence on the costs, investments and operational modifications required to enable safe and feasible lifetime extension, including refurbishment works and ongoing compliance with regulatory requirements;
- The need to ensure that operators can secure appropriate and efficient financing to undertake extension activities, supported by the revenue stability provided through a CfD mechanism;
- The importance of maintaining effective incentives for safe, reliable, and cost-efficient operation throughout the extended life of the plant.
- And any other matters the Secretary of State considers relevant, including system integration needs, value-for-money considerations, and alignment with wider government energy and industrial strategies.

HMG has had regard to each of these factors as it has considered the consultation responses.

Question 1

Do you have any comments on the proposed legislative amendment set out above, which would enable nuclear plant lifetime extensions to be eligible for CfDs?

General summary of responses

Across the 13 responses, there was strong overall support in principle for amending legislation to enable nuclear plant lifetime extensions to be eligible for CfDs. A clear majority of respondents supported the proposed amendment, citing benefits for energy security, system resilience, affordability, and decarbonisation. Supportive respondents consistently highlighted that extending the operational life of existing nuclear assets represents a lower-cost and lower-risk means of securing firm low-carbon capacity compared with new build alternatives. Many noted that long-term revenue certainty, such as that provided by a CfD-type mechanism, could be critical in enabling timely and efficient investment decisions, given the scale, complexity and long lead times associated with nuclear life extension activity.

Several respondents emphasised the imminent retirements across the UK's nuclear fleet, underlining the importance of early policy clarity to avoid gaps in firm low-carbon capacity, and to maintain system stability as the share of intermittent renewable generation increases. Although support was widespread, some respondents indicated that their support was conditional on receiving further clarity on the rationale for using CfDs, how any CfD would be structured, and how it would interact with current electricity market arrangements.

Three respondents did not support the proposed amendment. These respondents questioned whether the case for intervention had been sufficiently demonstrated. They also raised concerns about potential market distortions, consumer cost exposure, and whether existing mechanisms such as the Capacity Market could be sufficient.

In addition, a respondent expressed broader strategic concerns regarding the potential for non-competitive CfDs to expose consumers to significant cost risks, drawing on recent experience of delays and cost escalation in nuclear projects, and the possibility that support for nuclear extensions could divert funding away from renewables unless accompanied by additional resources.

Overall, the majority view was that the amendment represents a sensible and enabling change, provided that detailed scheme design, value-for-money assessment and impact analysis are undertaken before any specific CfD awards are made, alongside a rigorous negotiating approach to protect consumer and taxpayer interests.

The below paragraphs focus on specific areas raised by consultees and HMG's response.

Support for the proposed legislative amendment

Many respondents expressed support for the proposed amendment, highlighting the strategic importance of nuclear lifetime extensions in maintaining existing low-carbon generation and ensuring long-term energy security. Respondents emphasised that life extensions can deliver significant system benefits at relatively low cost and risk, particularly when compared with new nuclear construction or alternative forms of firm capacity.

Several respondents highlighted that the CfD framework is a well-established and familiar commercial model, capable of underpinning the substantial long-term investment required for refurbishment, maintenance, and safety upgrades. Wider benefits identified included sustaining skilled employment, supporting the UK nuclear supply chain, and reinforcing system resilience during the transition to a cleaner power system.

HMG response

The Government welcomes the strong level of support for this proposal. Enabling existing nuclear stations to access an appropriate commercial model can help justify the significant long-term investment required for refurbishment and life-extension activity, while reducing the need for more expensive replacement capacity

Maintaining existing low-carbon generation is consistent with the Government's objectives on energy security, affordability, and environmental protection, and supports a smooth transition to a clean power system.

Need for clearer justification and further design detail

Alongside broad support, some respondents requested greater clarity on several aspects of the proposal, including:

- Why CfDs are considered an appropriate mechanism relative to alternatives such as the Capacity Market;
- How any CfD would be structured or modified, including whether it would differ from standard baseload CfDs;
- Which stations may be eligible, and the anticipated scale of investment required.

Some respondents also raised concerns about the sequencing of policy development, noting that amending legislation ahead of a full impact assessment and detailed scheme design could create uncertainty or give the impression that decisions have been pre-empted. These points were closely linked to calls for clearer justification and evidence of value-for-money.

HMG response

The Government recognises the importance of providing clarity on the rationale, design, and impacts of any future CfD support for nuclear lifetime extensions. The purpose of the proposed amendment is to enable, not mandate, the use of CfDs, ensuring the Government has access to a wider range of options that can be considered on a case-by-case basis. The amendment would not preclude the use of other support mechanisms for nuclear lifetime extensions instead of a CfD.

The proposed amendment concerns eligibility only. Any decision to award a CfD to a specific station would be subject to a robust value-for-money assessment and subsidy control assessment alongside relevant safety, environmental and regulatory approvals. As part of this assessment, the Government will consider whether alternative mechanisms may be more appropriate in individual cases.

An impact assessment will accompany any secondary legislation implementing the amended framework.

Market impacts and consumer protection

A small number of respondents expressed concerns that bespoke, non-competitive CfDs could distort wholesale or capacity markets, reduce competitive pressure, or expose consumers to undue cost risk and potential impacts on bills. Some noted that operators have previously funded life-extension activity without government support and emphasised the need to avoid diverting resources from other low-carbon technologies without clear value-for-money assessments.

HMG response

The Government acknowledges the importance of minimising market distortions and protecting consumers. The award of any future CfD for a nuclear life-extension project would be subject to a subsidy control assessment, and would be carefully assessed to ensure it represents value-for-money. Consumer cost impacts will remain a central consideration as policy development progresses.

The Government also notes concerns relating to potential consumer-cost implications, interactions with renewable-funding frameworks, and the sequencing of legislative change relative to impact assessment. These matters will be addressed as policy design progresses, including where relevant in devolved contexts.

The Government will also assess potential regional impacts and maintain ongoing engagement with devolved administrations as policy design progresses.

Operational, technical, and regulatory considerations

Several respondents highlighted that nuclear life extensions involve complex technical programmes, long lead times, and substantial capital expenditure, often requiring early commitment well in advance of any returns. Many respondents therefore supported the principle of bespoke arrangements, reflecting the limited number of eligible stations and the differing technical pathways to life extension.

Respondents also emphasised the continued importance of rigorous safety, environmental and operational oversight, noting that the proposed amendment should not alter existing regulatory requirements.

HMG response

The Government recognises that life-extension projects vary by reactor type and operational history, and that flexibility would be required in any future contractual arrangements. The proposed amendment does not alter existing safety, environmental or regulatory requirements, which will continue to be overseen by the relevant independent regulators.

Question 2

Do you believe that the proposed amendment could have an impact on people with protected characteristics and what form would these impacts take? Please provide evidence to support your answer.

General summary of responses

Most respondents considered that the proposed amendment would not result in direct impacts on people with protected characteristics. Respondents generally noted that the amendment relates to financial support for energy infrastructure rather than changes to employment practices, service delivery, or individual eligibility.

Where potential impacts were identified, these were primarily related to energy affordability. Some respondents noted that any increase in consumer bills as a result of the award of a CfD could disproportionately affect vulnerable consumers, including those with protected characteristics.

A small number of respondents highlighted the potential positive socio-economic effects of a life-extension, including sustained employment, skills development, and training opportunities associated with life-extension programmes.

Several respondents noted that further detail on scheme design would be needed before drawing firm conclusions, particularly any potential bill impacts or distributional effects. Some organisations stated they had no further views on environmental or equality interactions.

The below paragraphs focus on specific areas of concern raised by consultees and HMG's response.

No direct impacts identified on people with protected characteristics

Several respondents stated that they did not foresee direct impacts on protected groups and that effects, if any, would apply to consumers generally. Others noted that full assessment would depend on future scheme design but had no evidence of disproportionate effects.

HMG response

The proposed amendment relates to energy market mechanisms and infrastructure, not employment, service delivery, or individual eligibility criteria. Direct impacts are therefore expected to be minimal. Workforce, recruitment, and employment policies in the nuclear sector remain unchanged and continue to be governed by existing equality legislation and regulatory frameworks. However, future life-extension works or long-term operational activities at specific plants may generate indirect opportunities for workforce development and local employment, though these would occur independently of the amendment.

The amendment does not alter nuclear safety, environmental or operational regulations, all of which remain overseen by the ONR and environmental regulators. As the policy concerns life extension at existing nuclear stations, no new siting or geographic impacts arise.

Based on available evidence, HMG does not consider that protected groups will experience disproportionate impacts but will continue to monitor outcomes.

Potential indirect affordability impacts for vulnerable consumers

A minority of respondents stated that expanding CfD eligibility could increase levy-funded costs, potentially raising consumer bills and disproportionately affecting vulnerable groups, including consumers with long-term health conditions. Some also noted that while price impacts may be unavoidable, there may be a case for exceptions or protections for vulnerable groups.

HMG response

There is no evidence from consultation respondents to suggest that the amendment itself would increase energy costs disproportionately for any protected characteristic group.

Any potential indirect impacts on affordability will be carefully considered as part of any decision to award a CfD.

Lifetime extensions aim to maintain existing low-carbon baseload capacity, which can help stabilise long-term system costs and could benefit vulnerable groups.

As with all energy policy design, HMG will continue to comply with the Public Sector Equality Duty (PSED) and assess any emerging evidence regarding differential impacts on protected groups.

Positive impacts through employment, training, and inclusion

Several respondents highlighted the potential for international skills transfer, inclusive recruitment and job creation associated with life extension projects to support underrepresented groups in the workforce. Some emphasised that life extension activity could expand opportunities for women, ethnic minorities, people with disabilities, and older workers via inclusive training pathways and CSR initiatives.

Others noted that extended operation could sustain and create skilled jobs, supported by organisation-wide equality, diversity, and inclusion processes.

HMG response

The proposed amendment does not modify workforce or recruitment practices within the nuclear industry. Existing sector-wide equality duties and employer-level inclusion commitments remain in place.

HMG notes the sector's efforts to promote inclusive and diverse employment, but these considerations are independent of the legislative change. While employment benefits may arise from life extension projects, they are not expected to generate any equality impacts linked to the amendment itself.

HMG will continue to monitor workforce-related equality considerations where relevant to programme delivery.

Concerns about evidence gaps relating to equality impacts

A small number of respondents indicated that more detailed scheme design would be needed before drawing firm conclusions on equality effects.

HMG response

As policy design progresses, HMG will continue to assess impacts in line with the PSED.

Should additional evidence relevant to protected groups emerge, it will be incorporated into future assessments.

At this stage, no evidence has been provided by consultees indicating disproportionate negative impacts on people with protected characteristics.

Question 3

Do you have any further views on the proposed amendment's interaction with the environmental principles?

General summary of responses

Most consultees expressed the view that enabling nuclear lifetime extensions to access CfDs would be consistent with environmental principles, particularly those relating to efficient resource use, emissions reduction, and avoiding unnecessary environmental disruption. Respondents frequently noted that extending the life of existing nuclear assets avoids the need for new construction, has a relatively small environmental footprint, and supports continued low-carbon baseload electricity generation.

Several stakeholders highlighted that the environmental impact of existing stations is largely "sunk" and that lifetime extensions are economical from an environmental standpoint, with minimal additional emissions and reduced land-use change compared with new plant development.

Some consultees provided detailed arguments emphasising that life extension is a lower-carbon, lower-impact alternative to new infrastructure, and that maintaining existing nuclear capacity supports system decarbonisation goals. A small number of respondents indicated they had no further views or did not foresee any interaction beyond what was presented in the consultation.

One respondent raised concerns relating to affordability, transparency, and the balance of support across different low-carbon technologies, particularly where any approach might involve non-competitive arrangements. This respondent highlighted the need for strong value-for-money safeguards.

Overall, the majority of consultees considered that the proposed amendment aligns with environmental principles, with no respondents identifying clear environmental risks introduced by the amendment.

The below paragraphs focus on specific areas of concern raised by consultees and HMG's response.

Life extension offers environmental value compared with building new capacity

Individual respondents argued that much of the environmental impact of nuclear stations has already occurred during construction, meaning extensions offer "value for money in terms of environmental impact and £/MWh compared to building new units". One respondent stated that life extension is likely to be "more cost effective than building new ones and will have a lower environmental impact". Another noted that nuclear has low land use, low ecosystem impact, and very low lifecycle carbon intensity, and agreed that the amendment supports efficient resource use and minimises environmental disruption.

HMG response

We welcome the feedback provided on the low environmental impact of nuclear lifetime extensions.

As outlined in the consultation, we are of the view that extending the life of existing nuclear stations can support environmental principles by reducing the need for new construction, thereby avoiding additional land disturbance, material extraction, and construction-phase emissions. Continued operation of existing low-carbon assets supports emissions reduction and efficient use of existing infrastructure.

The amendment does not change environmental regulatory standards or ecological protections. All operators remain fully subject to environmental permitting and oversight. HMG will continue to monitor environmental impacts closely through established regulatory processes.

Life extension maintains low-carbon baseload generation, supporting decarbonisation

Several organisations emphasised that nuclear lifetime extensions provide additional years of low-carbon, firm power, helping to meet decarbonisation goals. One respondent stated that lifetime extension represents a quicker and lower-cost pathway to low-carbon energy and enhanced energy security compared with new builds, and highlighted the advantages of using existing infrastructure for emissions reduction.

Another noted that extending the operational lifetime of plants would significantly reduce system costs and environmental impacts, and highlighted that nuclear already has a very low carbon footprint, which decreases further when operational life is extended due to lifetime-averaging effects.

HMG response

Lifetime extension can enhance system resilience and reduce reliance on higher-carbon alternatives, which aligns with environmental principles and net-zero ambitions.

The amendment seeks to provide a mechanism to maintain stable, low-carbon generation during the energy transition, to support in meeting the UK’s environmental objectives and emissions targets.

As low-carbon baseload reduces the need for higher-emitting backup generation, the measure supports environmental principles relating to preventing environmental harm and promoting sustainability.

Need for continued assessment

A respondent stated that they had “no further views supporting the proposed amendment’s alignment with environmental principles beyond those stated in the consultation” and cautioned against assuming environmental benefits without additional assessment.

Some respondents simply stated that they had no further views on environmental interaction, neither positive nor negative.

HMG response

HMG acknowledges the need for ongoing monitoring and evidence-based decision-making, including with any future contract offer awards and environmental assessment where required.

Existing environmental regulation continues to apply without change, including environmental impact assessments, and ongoing monitoring.

As policy design progresses, HMG will continue to apply the PSED and wider statutory environmental duties, ensuring that environmental principles are appropriately considered.

Environmental improvements could be pursued alongside life extension

A respondent suggested exploring additional environmental improvements, such as turbine replants to increase output without additional waste generation, supported by a CfD framework encouraging efficiency investments.

Some respondents emphasised that existing nuclear operators already maintain strong environmental performance and can leverage lifetime extension periods to introduce modernised, environmentally efficient technologies.

HMG response

The proposed amendment does not prescribe specific investment activities, but supports conditions in which operators may choose to invest in environmental and efficiency improvements.

Such improvements would remain subject to all existing environmental and safety regulatory requirements, ensuring that any upgrades maintain or enhance environmental protection.

HMG recognises that life extension can create opportunities for further environmental optimisation, though this is not a direct effect of the amendment itself.

Summary and next steps

HMG would like to thank all consultees for their engagement and feedback.

The government intends to lay regulations before Parliament to incorporate the policy proposal in this government response, subject to Parliamentary approval, into national legislation.

This publication is available from: www.gov.uk/government/consultations/financial-support-for-nuclear-lifetime-extensions

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