UK Government

Sizewell C Project

Summary Business Case

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Department for Energy Security and Net Zero (2026)

Contents

Executive Summary

Sizewell C (SZC) will be a nuclear power plant, located in Suffolk, providing generating capacity of up to 3.2 Gigawatts (GW) of electricity – enough to power the equivalent of six million of today's homes. With the strategic objective of providing a firm and low-carbon source of electricity, the target is for generation to begin from the mid-to-late 2030s.

Throughout its construction and operation, SZC will provide wide-ranging economic opportunities for the UK. This includes through entering into major contracts with strategic UK industries such as advanced manufacturing, clean energy and digital technology; developing the UK's nuclear supply chain, including plans to award 70% of its construction value to UK businesses. A December 2025 report by Oxford Economics estimates that the project will support an average of just under 9,000 direct and indirect jobs a year during the construction period, and around 17,000 direct and indirect jobs at peak construction.

The strategic rationale for the project is strong. As a next generation UK European Pressurised Water Reactor (EPR), SZC is an above-ground replica of Hinkley Point C (HPC) and builds on the learnings from a number of EPR units deployed globally. More broadly, lessons from major infrastructure projects have informed SZC's design, commercial, and delivery strategies, as well as the project's schedule and cost estimate. As a result, SZC is significantly further advanced than comparable infrastructure projects at this stage in its lifecycle.

Sizewell C Limited (SZC Ltd) is the delivery body (GenCo) for SZC construction and operation, with HMG being the largest equity shareholder of its Holding Company (HoldCo). This follows completion of a capital raise process, which sought to attract new equity investment alongside debt financing, and resulted in a Final Investment Decision (FID) being taken on 22 July 2025 where the Government confirmed an initial 44.9% stake.

Financing for the project will be supported by a Regulated Asset Base (RAB) model, underpinned by a Government Support Package (GSP). The RAB model includes specified checks and balances where debt providers, equity investors and the company are collectively incentivised to deliver the project efficiently. The conditions of the Economic Licence, being a key document to the RAB model, and the financial structure promote transparency and financial discipline, while providing safeguards to protect consumers from undue cost.

This model of financing draws upon previous examples such as Thames Tideway Tunnel and Heathrow Terminal 5, with learnings also taken from the HPC Contract for Difference model in order to carefully balance risk between the public and private sectors. This represents a world-first approach to financing new nuclear projects and unlocks the potential to build a critical source of clean, homegrown energy.

Strategic Case

Overview

The strategic case for SZC is supported by two key evidenced factors. First, that further new nuclear capacity is required for a low cost, net zero compliant energy system that can meet future demand for electricity. Second is that SZC, as an above-ground replica of HPC, has a mature starting point and is ideally placed to support increased nuclear capacity.

Securing nuclear capacity and capability

Given the legislative requirement to meet net zero by 2050, projected increases in electricity demand require a significant increase in the provision of low-carbon electricity.[1] Whilst the vast majority of future power generation will come from renewable sources, to support this, analysis demonstrates firm (non-weather dependent), low-carbon technologies such as nuclear are required in tandem to reduce the overall cost of the electricity system to consumers.[2]

Aligned to the clean energy superpower mission, the Department for Energy Security and Net Zero (DESNZ) has four key outcomes, all of which are supported by the SZC project:

- **Enhance energy security** – with energy produced within the UK and with the potential to be generated whatever the weather.
- **Protect billpayers** – achieved through reducing the cost of the power system compared to alternative scenarios for meeting net zero (see Economic Case). The project could create savings of around £2 billion a year across the future low–carbon electricity system once operational, supporting lower costs for consumers.[3]
- **Create economic growth for the UK and generate and protect jobs** – SZC is expected to provide an average of just under 9,000 direct and indirect jobs a year during the construction period, and around 17,000 direct and indirect jobs at peak construction,[4] as well as offering 1,500 apprenticeships. This will stimulate broader growth in the nuclear sector and support future nuclear projects.
- **Reduce the UK's emissions** – as a low-carbon source of energy, SZC will be a critical enabler for supporting delivery of the UK's emission reductions targets.

SZC will also reverse the decline in UK nuclear capacity seen over the past 20 years. Together with HPC, it will contribute 6.5GW of decarbonised electricity, whilst providing security of supply and economic resilience.

[1] The Seventh Carbon Budget
[2] https://assets.publishing.service.gov.uk/media/5fd3c4b08fa8f54d5ba9c104/Modelling-2050-Electricity-System-Analysis.pdf
[3] Sizewell C (SZC) Final Investment Decision: Value for Money (VfM) assessment
[4] https://www.oxfordeconomics.com/wp-content/uploads/2025/12/SizewellC_Report_031225.pdf

Replication

SZC will be an above-ground replica of the HPC EPR design and therefore directly benefit from the learnings of HPC. This will give greater design and scope certainty and enable a more mature starting position on schedule and cost. Many costs that would be associated with setting up new development projects are avoided through the replication approach, with minimal deviations from the design, products, intellectual property, and expertise from the HPC project. Lessons learned from the HPC construction activity will be applied. SZC will also benefit from a supply chain experience developed at HPC. These efficiencies should significantly reduce the risk of cost and schedule overruns.

Economic Case

When taking FID on 22 July 2025, HMG published a comprehensive Value for Money (VfM) assessment in support of the decision.[5] The assessment set out the following:

- **Rationale for Intervention:** large-scale nuclear plants have characteristics that mean the market is likely to underinvest in them, relative to their value to society, without government intervention.
- **RAB and GSP:** the RAB and GSP have been designed to overcome barriers to investment in SZC, by ensuring an efficient allocation of risk across private investors, consumers, and taxpayers.
- **Monetised benefits**: When assessing the monetised impacts of the project two key questions were considered:
    i. To what extent does building SZC reduce the cost of a net zero compliant electricity system, benefiting society and consumers?
    ii. To what extent does building SZC represent a return on government investment?

The VfM assessment used DESNZ's Dynamic Dispatch Model (DDM) to compare the cost of a net zero compliant electricity system with and without SZC being built. It was tested against counterfactuals that draw on alternative low-carbon technologies to meet emissions targets and net zero by 2050, accounting for uncertainty around future electricity demand and SZC's cost and schedule outturn.[6]

The modelling concluded that SZC is likely to deliver significant benefits as the marginal nuclear plant on the system beyond HPC, when compared with the counterfactuals:

- SZC would provide an estimated Net Present Social Value (NPSV) of £3.9–£18.0 billion[7] (depending on cost and demand assumptions).
- The expected return on government investment is positive in all core scenarios, ranging from 0.9 to 1.4 NPSV per £ of government spend.[8]
- **Non monetised benefits**: A number of significant non-monetised benefits were identified for the project, including enhanced energy security and resilience, developing the UK's nuclear supply chain and skill base, creating jobs, and providing a new financing model for future nuclear projects.

The assessment supported a decision to build SZC, as it is likely to represent VfM and the case is robust to a range of potential outcomes.

[5] Sizewell C (SZC) Final Investment Decision – Value for Money Assessment (July 2025)
[6] Technologies such as wind, solar, Carbon Capture Utilisation and Storage (CCUS), and hydrogen-to-power technologies were assessed as counterfactuals
[7] Real £2024 prices, 2025 present value
[8] Real £2024 prices, 2025 present value

Commercial Case

Sizewell C Ltd (SZC Ltd) is the delivery body for SZC construction and operation. Whilst HMG is not directly responsible for the procurement of goods or services required to deliver the project, it will provide close oversight of the commercial arrangements of SZC Ltd, including in relation to procurement of goods and service, through its roles as a shareholder and overseer of the GSP (see Management Case).

The Commercial Case for SZC is driven by the strategy for HPC replication, underpinned by SZC Ltd's commercial strategy encompassing procurement and contracting to acquire the capability and resources to deliver the project efficiently.

The level of efficiency afforded by replication has helped to develop a mature cost estimate that is underpinned by rigorous assurance. It is expected that the overall cost of the project will be around £38bn (2024 prices), and operations will begin in the mid-to-late 2030s.

Replication Strategy

SZC benefits from the learnings of HPC by replicating UK EPR technical design and leveraging construction experience at HPC. Extensive benefits of replication include a strong comparison for project design, costs and schedule, utilisation of the same safety case and operating documentation, and access to a capable and experienced workforce and supply chain.

Securing benefits of replication

The replication strategy is facilitated via a suite of third-party agreements and structures between SZC Ltd, HPC Ltd and EDF, facilitating the pooling of key capabilities, skills and expertise.

By retaining HPC's manufacturing partners, SZC Ltd will be able to procure early and secure consistency from the supply chain (especially for long-lead-in items). This has the advantage of removing manufacturing from the critical path, something experienced on comparable projects.

The benefits of replication will also be maximised through ensuring an optimised delivery schedule of activities across HPC and SZC projects, with delivery plans measured to ensure there is sufficient time between key activities to allow for learning lessons and optimising resources. This can already be seen at HPC, where efficiencies identified in delivery of HPC Unit 2 are seeing key activities being delivered 30% faster than for Unit 1. SZC will be able to go further as having the completed designs available well in advance of need enables the project to do more off site fabrication and evolve installation approaches.

Addressing and mitigating the limitations of replication

Whilst SZC's above-ground design is a replica of HPC, there are limitations to the SZC replication strategy and a need for adaptations to below-ground design owing to the

differences in location and environment. These critical elements are front-loaded in the schedule after which the implementation of the replicated HPC design takes over the construction programme. Examples of the site-specific work include pouring a thicker concrete slab relative to HPC to mitigate the greater effect of earthquakes on buildings resulting from softer ground conditions (a vital safety requirement) and installing a Cut-Off Wall to provide a water proof membrane to allow ground engineering and deep excavations to support construction of the plant.

Supporting replication through procurement & contracting strategy

SZC is being developed on a multi-contract basis. The scale of this megaproject means that it is not possible for any individual contractor to bring together and deliver all elements of engineering, procurement, construction and safety skills. Therefore, SZC Ltd's procurement and contracting strategy aligns the supply chain around a common goal of delivering above ground replication - as well as complex site enabling works - within a cost and schedule envelope below the Lower Regulatory Threshold (see Financial Case). Core to this model are two alliance structures for Civils and MEH (Mechanical, Electrical and HVAC – heating, ventilation and air conditioning) that are designed to benefit from the experience of delivery on HPC to maximise opportunities to realise time and cost savings.

Project Estimate

The design maturity afforded by replication has helped to develop a mature project estimate underpinned by rigorous assurance by SZC Ltd – both internally and via independent external assurers. Replication allows for a level of ambition on cost and schedule, strengthened by a commercial model with the supply chain that incentivises early delivery. More than 80% of the scope cost is replicated, with the remaining areas of scope informed by benchmarking and lessons learned.

Within major projects, staying to schedule and scope is key to having confidence in any cost estimate. The schedule for SZC is built on detailed analysis of HPC and other EPR programmes. It synthesises productivity norms and learnings on how to optimise sequencing of key activities. There has also been extensive engagement with the supply chain to develop an integrated project schedule. The resulting Rolling Wave planning methodology integrates supplier sub-schedules, critical path activities, key dependencies and milestones to provide a single high-level schedule and defined scope.[9]

The estimate also makes provision for a range of scenarios built-up by different risk and uncertainty positions that have informed setting of appropriate contingency. Techniques used include Monte Carlo analysis, Scenario Based Modelling (SBM), Estimating Uncertainty and a

[9] Rolling Wave planning methodology is an iterative project management technique whereby the near-term work is planned in detail, while future work remains high-level and becomes progressively more detailed as the project moves forward and more information becomes available.

Quantitative Schedule Risk Analysis. The outputs of these risk analyses have helped to build different projections of schedule and cost and inform setting of contingency.

SZC Ltd operates in line with industry best practice structured around the Three Line of Defence assurance model across the organisation and which the estimate has been subjected to. This also includes vendor due diligence for investors, which supported the Equity Raise process.

Reporting and Project Controls

SZC Ltd has an agreed Project Baseline – derived from its bottom-up cost and schedule estimate – to support effective performance management and oversight of delivery by the SZC Ltd executive team. This aligns to the Company's publicly stated position at FID that the project will be delivered at a capital cost of around £38 billion (2024 prices).

Performance is monitored regularly by the SZC Ltd Board and through company governance arrangements. Project controls are integral to the organisational structure and decision making within the company to provide effective monitoring and control of the scope, schedule and cost of the project. Risk arrangements, aligned to industry best practice, have been set up to create a culture whereby all staff understand their responsibilities to identify and manage risks.

There are a series of further project controls and reporting requirements in place to service the financing (debt and equity) regime for the project. This includes the Regulatory Thresholds around which the incentive arrangements within the RAB model have been set (see Financial Case).

Financial Case

Securing private investment into a project of the scale of SZC has required an innovative approach to appropriately balance risks across taxpayers, consumers and the private sector.

RAB Model

Overview

The Nuclear Energy (Financing) Act 2022 (NEFA) introduced the RAB funding model for new-build nuclear power projects. SZC will be the first nuclear power station funded in this way, though the model has been successfully applied in the water, utilities and energy sectors, including on the Thames Tideway Tunnel project.

Under this model the DESNZ Secretary of State (SoS) granted SZC a modified electricity generation licence (Economic Licence).[10] The Economic Licence is regulated by Ofgem and entitles the project to receive a regulated revenue (Allowed Revenue) in the construction, commissioning and operational phases, provided by a charge upon end-users. The amount received is based on a number of factors including costs incurred during the project's delivery.

Incentives Framework

Key to the RAB model is the regime of incentives to encourage shareholders to encourage efficiencies in both plant construction and in operation. Implemented via the NEFA, the Lower Regulatory Threshold (LRT) and Higher Regulatory Threshold (HRT) have been set by the DESNZ SoS as the key components for managing cost overruns and therefore protecting consumers. There is a gain share mechanism in place for shareholders below the LRT, whilst the LRT and HRT form lower and upper bounds of the investor Capex Incentive (as defined in the Economic Licence) within which investor returns are reduced. The schedule corresponding to the LRT estimate also forms the baseline for the schedule incentives, with penalties increasing progressively if the completion of the project is delayed.

Allowed Revenue

SZC's Allowed Revenue will be calculated annually in accordance with the Economic Licence, based on 'building blocks' and adjustments, with a separate formula for each phase of the project. The Initial Weighted Average Cost of Capital (IWACC) will be applied to the Average Present Value Below HRT RAB (Allowable Capital Spend incurred by the Licensee) confirmed by Ofgem each year during construction, forming the Return on the Capital building block of the Allowed Revenue.

The IWACC set by Ministers at FID is based upon the costs of equity and debt. The detailed methodology for calculating the IWACC, as well as the approach to setting of the LRT and

[10] Electricity generation licence: special conditions for nuclear generator

HRT, was subject to a consultation with statutory consultees, consumer groups and potential equity investors, the response to which was published on 21 March 2025.[11] The IWACC will apply until the Post-Construction Review following the end of construction, after which the Weighted Average Cost of Capital will be set by Ofgem.

Consumer Impact

A Net Equivalent Strike Price for the project has been calculated as £82 £/MWh (2012 prices), based on a moderate outturn scenario assumption. This estimates the regulated revenue that the project will receive over its lifetime, per unit of generation, discounted at the Social Time Preference Rate set out in the HMT Green Book, net of payments back to consumers as well as tax, insurance premiums and business rates.

Under the RAB, consumers will start contributing from the point of financial close. The first contribution from domestic consumers took place in January 2026 through a nuclear RAB levy on consumer's electricity bills.[12] By starting payments during construction the compounding effect of costs are reduced (as they would otherwise be recovered in the operations phase) – which in turn reduces the overall cost of capital for the project and ultimately provides better VfM for consumers over time. During construction, the cost will be an average of c.£1 per month on a typical household bill.

Equity Structure

The equity raise process for the SZC project began in September 2023, concluding with the RAB formally coming into effect on 4 November 2025. The basis for the equity raise was to bring in private investors with experience in nuclear and large infrastructure delivery. The intention is that private sector investment will help to support the project's VfM and reduce the risk of overruns, by instilling commercial best practice and discipline into the project.

Equity shareholders in the project are:

- HMG - 44.9%
- La Caisse – 20%
- Centrica - 15%
- EDF - 12.5%
- Funds advised or managed by Amber Infrastructure Group - 7.6%[13]

The Shareholder Agreement sets out the corresponding representation each shareholder has on the SZC Ltd Boards.

[11] Methodology for specific elements in the proposed Economic Licence for Sizewell C - GOV.UK
[12] This will be collected through the difference payment mechanism whereby if market revenues are below the allowed revenue, consumers pay a regulated top-up charge through their bills. If market revenues are above the allowed revenue, SZC may return excess earnings.
[13] Includes a 24-month option to increase shareholding to 10% through purchasing equity from HMG.

HMG CDEL

At the 2025 Spending Review (SR), DESNZ was allocated sufficient Capital Departmental Expenditure Limit (CDEL) cover to account for the project being on its balance sheet.[14] Given the construction timeline, and the contractual Shareholder Agreement now in place, in future SR rounds HMG will continue to commit the required funding to cover its share of the project.

Debt Structure

The project secured the following debt funding to support the construction phase:

- The National Wealth Fund providing a term loan of up to £36.6bn.[15]
- A group of 13 banks providing £5bn of debt financing through the Bpifrance Assurance Export credit facility. A subset will provide a further £500m Working Capital Facility.[16]

The project secured a strong investment grade rating from the three primary ratings agencies, Moody's, Standard & Poor's, and Fitch. These ratings reflect the project's strong financial structure including the underpinning RAB and GSP, risk management approach, and the approach to construction risk.

Government Support Package

Construction of a nuclear power station exposes investors to high impact, low probability risks that they either cannot efficiently price, would demand a very high rate of return to bear, or which would be passed onto consumers and taxpayers if they materialised. Therefore, a key part of the RAB model is, as per Thames Tideway Tunnel, for HMG to provide a series of contractual protections, collectively termed the GSP, to provide targeted support for these risks to investors - for a fee. Examples include financing requirements in the case of severe cost overruns over a specified threshold, debt market shutdowns, and protecting the interests of government and consumers in the event of insolvency. The government published detail on the GSP at FID.[17]

Subsidy Control

In the course of providing the necessary financial assistance to the SZC project, HMG established a number of different subsidy schemes. These include the:

[14] Spending Review 2025 (HTML) - GOV.UK
[15] National Wealth Fund backs UK nuclear ambitions with milestone Sizewell C financing | National Wealth Fund
[16] Sizewell C reaches Financial Close, with £5 Billion export credit backed debt raise and strong investment grade credit rating - Sizewell C
[17] Sizewell C: government support package - GOV.UK

- **Sizewell C Investment Funding Subsidy Scheme**[18] and the **Sizewell C Development Expenditure Subsidy Scheme:**[19] which provided support for developmental expenditure to enable the SZC project to reach a FID.
- **Sizewell C Final Investment Decision (FID) Subsidy Scheme:**[20] designed to support the construction, operation and decommissioning of the power plant.[21]
- **Energy Intensive Industries Regulated Asset Base Exemption Scheme:**[22] designed to exempt GB-based eligible Energy Intensive Industry (EII) businesses from 100% of Nuclear RAB policy costs, to align with the approach taken for other renewable policy costs such as the Contracts for Difference, Renewables Obligation and small-scale Feed-in Tariffs schemes.

The EII, FID and Development Expenditure Subsidy Schemes were projected and developed in line with the Subsidy Control principles set out in the Subsidy Control Act 2022. Furthermore, three subsidy control assessments were referred to the Subsidy Assessment Unit in the Competition and Markets Authority (CMA). The CMA published non-binding reports on these schemes with recommendations, which HMG took into account before making the schemes and awarding subsidies.[23]

The Sizewell C Investment Funding Subsidy Scheme predated the Subsidy Control Act 2022 and so was assessed in line with the UK-EU Trade and Cooperation Agreement 2020.

Funded Decommissioning Programme (FDP)

Under the Energy Act 2008, an operator of a nuclear power station is required to have an FDP approved by the SoS. The FDP must make provision for the operator to meet its decommissioning and waste liabilities and set out the contractual arrangements for the financing of these liabilities at the end of the project's economic life. SZC's FDP was approved by the DESNZ SoS on 21 July 2025 and subsequently published at FID.[24] [25] This was following extensive negotiations with DESNZ, advisors, and advice received from an independent expert panel – the Nuclear Liabilities Financing Assurance Board (NLFAB).

The SZC FDP is made up of two core components, the Decommissioning and Waste Management Plan (DWMP) which details the technical processes and estimated costs for decommissioning and waste management, and the Funding Arrangements Plan (FAP) which sets out how the decommissioning costs will be funded.

[18] Scheme SC10655 - Search for UK Subsidies - GOV.UK - Public user search subsidy scheme details page
[19] Scheme SC11179 - Search for UK Subsidies - GOV.UK - Public user search subsidy scheme details page
[20] Scheme SC11357 - Search for UK Subsidies - GOV.UK - Public user search subsidy scheme details page
[21] The Sizewell C Development Expenditure Subsidy Scheme and Sizewell C Final Investment Decision Subsidy Scheme shared an overall subsidy budget.
[22] Scheme SC11358 - Search for UK Subsidies - GOV.UK - Public user search subsidy scheme details page
[23] The reports can be found here - The Energy Intensive Industries Regulated Asset Base Exemption Scheme report, the Sizewell C Final Investment Decision Subsidy Scheme report, and Sizewell C Development Expenditure Subsidy Scheme report.
[24] Revised Funded Decommissioning Programme guidance for new nuclear power stations - GOV.UK
[25] Sizewell C: Funded Decommissioning Programme (FDP) - GOV.UK

FDP RAB Building Block

Under the RAB model, there is a dedicated FDP building block (as set out in the Economic Licence) which is designed to cover SZC for any future decommissioning costs and the costs of running the independent Fund Implementation Company (FundCo). These contributions are then passed to FundCo, who is responsible for managing and investing the fund within the parameters of the investment principles which are determined in the FAP. SZC Ltd will then be able to draw down on the fund as decommissioning liabilities arise during the project's decommissioning phase.

Management Case

SZC Ltd Management of Project Delivery

SZC Ltd is formally responsible for delivery of the project and its outcomes. It operates in a highly complex and regulated environment, with a bespoke Economic Licence, and accountability to its shareholders, taxpayers, and consumers.

Corporate governance

The Company's corporate governance is centred around a dual board structure with an independent Chair. There is precedent for this approach in nuclear (e.g. HPC) and other regulated industries (e.g. Thames Tideway Tunnel). Governance arrangements for the Boards are set out in company Articles of Association and the Shareholder Agreement, which provides controls and structures for shareholders to manage and exercise governance levers.

HoldCo represents shareholder views and manages key strategic and financial matters, providing oversight and scrutiny. It is tasked with overseeing strategic company matters (e.g. key milestones and KPIs).

GenCo, as holder of the Nuclear Site Licence (NSL), oversees executive decision-making, including on nuclear safety, environmental management, and security matters, as well as implementation of company policies. Operational management is delegated to the Executive Management Team. A number of Board Committees also support GenCo and provide independent advice and assurance in critical and cross-cutting areas such as nuclear safety, risk, health and safety.

In line with standard practice, SZC Ltd will publish an Annual Report and Accounts. The report provides a comprehensive view of the project's financial performance, governance, strategic direction and progress against objectives, ensuring transparency and accountability to stakeholders. It also sets out the governance framework underpinning decision making, compliance with regulatory requirement and measures to manage risk appropriately. The most recent Annual Report and Accounts have been published for financial year 2024/25. [26]

Financial delegations and controls

SZC Ltd is indicatively classified as a central government body, and the project is expected to remain on government's balance sheet through construction. In recognition of the project's novel financing structure, prior to FID, DESNZ SoS and the Chief Secretary to the Treasury agreed a bespoke suite of delegations and derogations from the usual HMG spending controls that apply to public sector bodies. These arrangements have been formalised through a Delegated Authority Letter (DAL).

[26] sizewellc.com/wp-content/uploads/2025/11/Annual-Report-and-Accounts-2025-Final.pdf

HMG will maintain oversight of the project through its Shareholder Non-Executive Directors (SNEDs), whose rights and responsibilities are set out in the Shareholder Agreement.

Parliamentary accountability remains in place to ensure appropriate scrutiny of public expenditure. As Principal Accounting Officer (PAO) for DESNZ, the Permanent Secretary has appointed SZC Ltd's CEO as the Accounting Officer (AO) for project delivery. They are personally accountable to Parliament and to their company Boards for the project's performance, delivery, and use of public funds according to Managing Public Money (subject to DAL derogations).[27]

This accountability is reinforced by a robust corporate governance framework established under the Shareholder Agreement, alongside internal oversight mechanisms designed to ensure appropriate scrutiny of high-risk decisions and the regularity of spending.

As part of the delegation of the AO role to the SZC Ltd CEO, their responsibility for benefits realisation in the project, as well as supporting HMG reporting, has been set out in writing.

Role of HMG in Supporting the Project

Extensive work has been undertaken by DESNZ to design a suitable HMG operating model for the construction phase of the project. HMG will fulfil three core roles in the project (1) shareholder, (2) policy sponsor and GSP provider, (3) debt provider.

HMG as shareholder

HMG is currently the largest shareholder in the project and has representation on both GenCo and HoldCo boards in the form of the HMG SNEDs, who are appointed by DESNZ SoS to act on their behalf. The rights and levers held by the HMG SNEDs by virtue of their Board position are set out in in the Shareholder Agreement.

In order to support the HMG SNEDs, a dedicated shareholding function has been established within DESNZ. This aims to ensure that HMG SNEDs are equipped to discharge their responsibilities effectively. Support is drawn from across core HMG departments with particular subject matter expertise.

HMG's interests in the project will also be protected through its Special Share, which gives HMG the ability to intervene in limited specific scenarios to protect national security interests and to limit the involvement of sanctioned persons in the project (e.g. if another investor was looking to sell a proportion of its stake in the project).

[27] Managing public money - GOV.UK

HMG as policy sponsor and GSP provider

HMG as a policy sponsor will maintain an ongoing relationship with SZC Ltd in order to ensure alignment with wider HMG policy, and to provide support if appropriate to facilitate progress on the project.

HMG as GSP provider will be responsible for the management and oversight of the GSP. HMG, Ofgem, and SZC Ltd are party to the Liaison Agreement which provides for processes that require SZC Ltd to report regularly to HMG and Ofgem and a forum (the Liaison Committee) for stakeholders to meet to discuss progress and any risks faced by SZC. [28]

HMG as debt lender

NWF, HMG's policy bank, will administer and monitor the (up to) £36.6bn term loan. The structured loan, in keeping with similar approaches in other infrastructure projects, places various requirements on SZC Ltd which it must meet to be able to draw down on the loan.

Requirements for drawdown include, but are not limited to, meeting certain financial and reporting covenants and providing remedial plans in certain circumstances. The credit rating supports the investability of the project.

HMG governance of project

Within HMG the DESNZ PAO will chair a forum that coordinates HMG's roles in the SZC project, HMG will use this to monitor risks and issues it is responsible for, and primarily to inform its activity as policy sponsor.

Across HMG's different roles in the project, it will have access to information through SZC Ltd reporting. Given sensitivities, the intention is that information is only shared with HMG officials in their capacity as supporting a specific role of HMG – where it will be treated with appropriate sensitivity.

There is a robust landscape of individual accountabilities on the SZC project, given the structural and legal underpinnings of the adopted delivery model. This joins together at the PAO who, along with the DESNZ SoS, will be supported in their duties by a nominated directorate within DESNZ. As there are clear and wide-ranging obligations in place for the SZC Ltd CEO as AO for project delivery, and on the HMG SNEDs in their role on the company Boards, there is not a role for a Senior Responsible Owner within HMG. The coordination and oversight of the project within HMG will be via the aforementioned directorate reporting into a named Director, and ultimately into the PAO.

Reporting and monitoring

Reporting from SZC Ltd will largely be channelled through the GenCo and HoldCo Boards to service shareholder obligations (e.g. via regular Board reporting), or through regular debt

[28] Sizewell C (SZC): Government Support Package (GSP) - Liaison Agreement

reporting. HMG have put in place internal information sharing protocols to manage and restrict how sensitive information is shared internally.

As a policy sponsor and GSP provider there will be bespoke reporting arrangements required to service each of HMG's roles - this includes the provision of Monitoring and Evaluation information, FDP reporting, and financial reporting for balance sheet purposes.

DESNZ and SZC Ltd will consider how best to fulfil Government Major Projects Portfolio (GMPP) reporting requirements. DESNZ additionally intend to provide an annual report to Parliament to summarise progress on key project milestones, update on any steps HMG has taken to support project delivery, outline any updates in the business case as per the five-case model, and provide an overview of any relevant changes in governance arrangements. The scope and approach to reporting will be kept under review to ensure it remains relevant to policy priorities and project circumstances.

Glossary

AO	Accounting Officer	HVAC	Heating, Ventilation and Air Conditioning
CDEL	Capital Departmental Expenditure Limit	ITA	Independent Technical Advisor
CEO	Chief Executive Officer	IWACC	Initial Weighted Cost of Capital
CfD	Contract for Difference	KPI	Key Performance Indicator
CMA	Competition and Markets Authority	LRT	Lower Regulatory Threshold
DAL	Delegated Authority Letter	LTA	Lenders Technical Advisor
DDM	Dynamic Dispatch Model	MEH	Mechanical, Electrical and HVAC
DESNZ	Department for Energy Security and Net Zero	MPM	Managing Public Money
DWMP	Decommissioning and Waste Management Plan	MWh	Megawatt-hour
EII	Energy Intensive Industry	NEFA	Nuclear Energy Financing Act
EPR	European Pressurised Reactor	NLFAB	Nuclear Liabilities Financing Assurance Board
EPRP	European Pressurised Reactor Programme	NPSV	Net Present Social Value
FAP	Funding Arrangements Plans	NSL	Nuclear Site Licence
FDP	Funded Decommissioning Programme	NWF	National Wealth Fund
FID	Final Investment Decision	PAO	Principal Accounting Officer
FundCo	Fund Implementation Company	RAB	Regulated Asset Base
GenCo	Generation Company	SBM	Scenario Based Modelling
GMPP	Government Major Projects Portfolio	SMR	Small Modular Reactor

GSP	Government Support Package	SNED	Shareholder Non-Executive Director
HMG	His Majesty's Government	SoS	Secretary of State
HMT	His Majesty's Treasury	SR	Spending Review
HoldCo	Holding Company	SZC	Sizewell C
HPC	Hinkley Point C	TTT	Thames Tideway Tunnel
HRT	Higher Regulatory Threshold	VfM	Value for Money

This publication is available from: www.gov.uk/government/publications/sizewell-c-project-summary-business-case

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