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# Financing new nuclear: UK experience

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# Agenda

1. UK policy on new nuclear: consistent political support
2. Version 1: Hinkley Point C
3. Version 2: Sizewell C

# 1. UK policy on new nuclear: consistent political support

2006: Labour allows private investment in new nuclear:

No nuclear subsidy; investors bear construction risk

2010-15: Conservative-Liberal coalition:

Same policy

2015-24: Conservative governments:

Shift toward various subsidies, state can bear some construction risk

July 5 2024: New government:

No obvious policy change

## 2. Version 1: Hinkley Point C

“Private investment” only (but EDF, CGN both state owned companies)

Investors bear construction risk

Receive 35 year fixed real price revenue contract

State debt guarantee offered (at a cost) but not taken up

Contract offers “gain-sharing” with electricity customers

Current electricity price:

£129/ €152 per MWh

£124/ €147 per MWh if Sizewell C goes ahead



Source: EDF



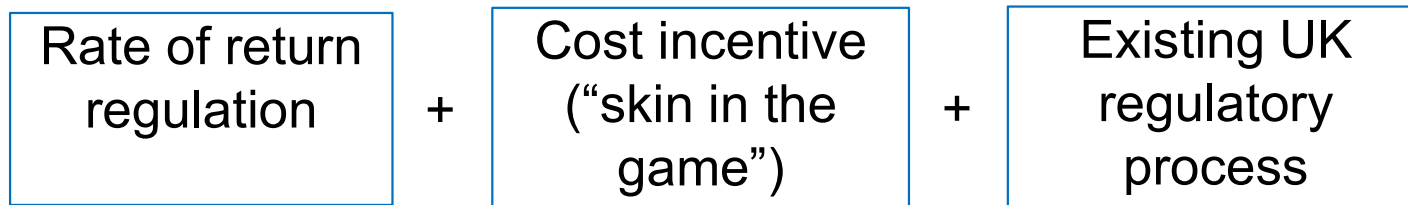
### 3. Version 2: Sizewell C

Why change? Nobody willing to bear construction risk

UK government still seeks private financing, but acceptable electricity price

Use “regulatory asset base” RAB approach:

RAB is usually used for network natural monopoly assets



- Cost over-runs are insured by state
- Initial WACC negotiated with capital providers

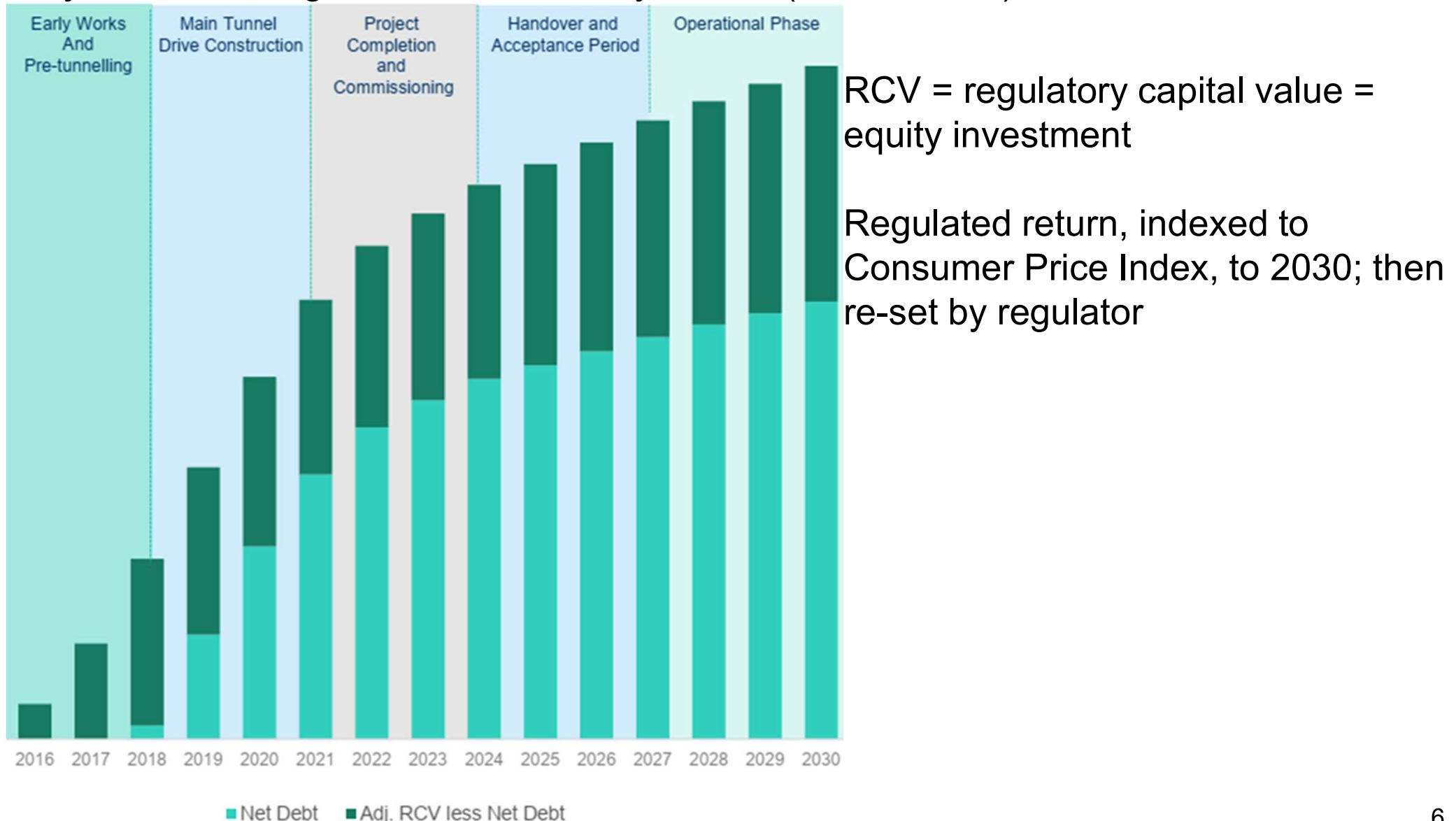
- Investor returns vary according to cost performance but de facto minimum return

- Future WACC is adjusted using established (and CREDIBLE) process



# RAB model as used by Thames Tideway Tunnel

Projected financing of Thames Tideway Tunnel (c.£4.5 billion)



# Conclusion

UK government had to find a new approach after Hinkley Point C  
Too soon to be sure about success but looks encouraging  
Builds on existing utility regulation framework



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