



The Sizewell C Project

4.2 Second Funding Statement Addendum

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1 INTRODUCTION

1.1 Background

1.1.1 The Sizewell C Project ('the Project') Development Consent Order ('DCO') application ('the Application') was submitted by the applicant ('SZC Co.') on 27 May 2020 and accepted for examination by the Planning Inspectorate on 24 June 2020.

1.1.2 The Application includes a request for the Secretary of State to grant powers of compulsory acquisition pursuant to section 122(2)(a) and section 122(2)(b) of the Planning Act 2008. As a result, a **Funding Statement** [\[APP-066\]](#) was submitted as part of the Application, which was prepared in accordance with the requirements of regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009.

1.1.3 A Rule 9 Letter was issued by the Planning Inspectorate on 23 October 2020 [\[PD-005\]](#) which requested SZC Co. provide an addendum to the Funding Statement to include further details to support the expression of confidence that the necessary funds would be raised to acquire the land to implement the Project. In response to this request, on 16 November 2020 SZC Co. submitted a **Funding Statement Addendum** [\[AS-011\]](#) which set out detailed evidence that there is a strong and well recognised need for new nuclear in the UK and that Sizewell C is the furthest advanced new nuclear project at the present time (besides Hinkley Point C), and that therefore SZC Co. has confidence that a funding model will be developed which enables the Project to be realised.

1.2 Change request

1.2.1 Since the submission of the Application, SZC Co. has continued to engage with the local authorities, environmental organisations, local stakeholder groups and the public with regard to the Application. This process has identified potential opportunities for changing the Application to further minimise impacts on the local area and environment in many cases, whilst reflecting the further design detail that has come forward in preparation for implementation of the Project.

1.2.2 Following a non-statutory consultation that took place in November to December 2020, SZC Co. is now submitting a request to the Examining Authority to make changes to the Application. A detailed description of all of the proposed changes is provided in **Part 1 of the Proposed Changes to the DCO Application document** (Doc Ref. 8.19), and a summary is provided in **Section 2** of this document.

1.3 Prescribed procedure

1.3.1 Some of the proposed changes to the Application would involve the compulsory acquisition of land which was not identified in the **Book of Reference** submitted with the Application as land subject to compulsory acquisition [\[APP-067\]](#) ('CA Additional Land'), and which therefore meets the definition of 'additional land' in The Infrastructure Planning (Compulsory Acquisition) Regulations 2010 ('CA Regulations'). The CA Regulations contain a prescribed procedure that must be followed where it is proposed to include in a DCO a provision authorising the compulsory acquisition of 'additional land' where a person with an interest in the additional land does not consent to the inclusion of the provision.

1.3.2 That prescribed procedure includes the submission of the following information pursuant to Regulation 5 of the CA Regulations:

- a book of reference supplement, see **Book of Reference Addendum** (Doc Ref. 4.3Ad);
- a land plan identifying the land required as 'additional land' or affected by the proposed provision, see the land coloured pink and pink with green hatching on the **Land Changes Plans** (Doc Ref. 4.4);
- a statement of reasons as to why the 'additional land' is required, see the **Statement of Reasons Addendum** (Doc Ref 4.1Ad); and
- a statement to indicate how a DCO that contains the authorisation of the compulsory acquisition of the 'additional land' is proposed to be funded, see this **Second Funding Statement Addendum** (Doc Ref. 4.2Ad 2).

1.4 Purpose

1.4.1 The purpose of this **Second Funding Statement Addendum** is to explain how: (i) the acquisition of the CA Additional Land necessary to build the Sizewell C Project would be funded; and (ii) provide an update showing the additional confidence in how the implementation of the Sizewell C Project generally is to be funded.

1.4.2 This **Second Funding Statement Addendum** should be read in conjunction with the documents listed at 1.3.2 above, the **Funding Statement** [\[APP-066\]](#) and the **Funding Statement Addendum** [\[AS-011\]](#).

2 PROPOSED CHANGES TO THE APPLICATION

2.1 The proposed changes to the Application

2.1.1 SZC Co. proposes to make the following changes to the Application:

- Change 1: Potential to increase the frequency of freight train movements to facilitate bulk material imports by rail. Change 2: An enhancement of the permanent beach landing facility and construction of a new, temporary beach landing facility.
- Change 3: Greater flexibility as to where certain Sizewell B facilities are relocated to potentially avoid the need for car parking on Pillbox Field.
- Change 4: Change to certain parameter heights and activities on the main development site.
- Change 5: Change to the location of the water resource storage area and the addition of flood mitigation measures to lower flood risk.
- Change 6: Change to the Site of Special Scientific Interest (SSSI) crossing design to a single span bridge with embankments.
- Change 7: Revisions to tree retention on the main development site.
- Change 8: Surface water removed early in the construction process to be discharged to the foreshore via a temporary outfall.
- Change 9: Change to the sea defence to make the scheme more efficient and resilient to climate change.
- Change 10: Extension of landscaped bund, other minor changes at the southern park and ride, including a minor reduction of the Order Limits.
- Change 11: Extension of the Order Limits to provide for additional fen meadow habitat at Pakenham as mitigation for fen meadow loss.
- Change 12: Extensions and reductions of the Order Limits for works on the two village bypass, Sizewell link road and Yoxford roundabout as well as minor changes to the public right of way proposals at these sites.

- Change 13: Minor extensions and reductions of the Order Limits for works on the main development site and related sites (fen meadow mitigation sites and marsh harrier improvement sites).
- Change 14: Minor reductions to the Order Limits of the northern park and ride, the A12/B1119 junction at Saxmundham and the A1094/B1069 south of Knodishall.
- Change 15: A new bridleway link between Aldhurst Farm and Kenton Hills.

2.1.2 If the proposed changes described above are accepted by the Examining Authority various changes will need to be made to the Order Limits and to the powers sought over land within the Order Limits. These changes include seeking powers of compulsory acquisition over the CA Additional Land. Details of all of the changes and the reasons for them are set out in the **Book of Reference Addendum** (Doc Ref. 4.3Ad) and **Statement of Reasons Addendum** (Doc Ref. 4.1Ad).

3 CAPITAL EXPENDITURE

3.1 Corporate structure

3.1.1 The corporate structure remains the same as presented in the **Funding Statement** [\[APP-066\]](#).

3.2 Project cost

3.2.1 The overall estimated Project cost remains the same as presented in the **Funding Statement** [\[APP-066\]](#).

3.3 Project funding

3.3.1 Between July and October 2019, the Secretary of State for Business Energy and Industrial Strategy (BEIS) consulted on the viability of a new ‘Regulated Asset Base’ (RAB) financing model for new nuclear projects (Ref 1.1). At the time of submission of the Application, the results of this consultation were awaited.

3.3.2 During November and December 2020 the Government published a number of documents providing updates on Government policy with respect to the development and financing of new nuclear capacity.

3.3.3 In November, the Government published the ‘Ten Point Plan’ (Ref. 1.2) and the National Infrastructure Strategy (Ref. 1.3) which confirmed that the Government wanted to progress nuclear projects (large, small modular reactors and advanced reactors).

3.3.4 On 14 December 2020, the Government published the Energy White Paper in which the Government committed to bring ‘*at least one large-scale nuclear project to the point of Final Investment Decision (FID) by the end of this Parliament, subject to clear value for money and all relevant approvals.*’ (Ref. 1.4). On the same day the Government released a statement which ‘*confirmed its decision to enter into negotiations with EDF Energy, in relation to Sizewell C.*’ (Ref. 1.5)

3.3.5 Alongside the Energy White Paper, BEIS published a summary of responses received to the RAB consultation, highlighting some of the key comments from respondents on the proposed RAB model and its mechanisms, along with BEIS’s response to these comments (Ref. 1.6). This stated that the Government believes that a RAB model remains a credible funding structure for large-scale nuclear projects and that the Government will continue to explore a range of financing options with developers, including RAB. In addition, the consultation concludes that Government will continue to consider the potential role of government financing during construction.

- 3.3.6 As stated in the **Funding Statement** [\[APP-066\]](#), the funding of the Project is expected to comprise third party equity (with EDF Energy being a minority shareholder) and debt. SZC Co. continues to have positive engagement with potential third party investors. It considers that the development of the RAB funding model would be supportive of the project securing its financing requirements.
- 3.3.7 The outcome of the RAB consultation does not alter SZC Co.'s position on funding structure (as summarised at 3.3.3 above and set out in the **Funding Statement** [\[APP-066\]](#)) or change the evidence set out in the **Funding Statement Addendum** [\[AS-011\]](#).
- 3.3.8 However the Government's: commitment to bring at least one large nuclear project to financial close this Parliament; the decision to formally enter negotiations with EDF Energy regarding Sizewell C; the decision to continue the development of the RAB (or other) funding models; and the decision to consider direct government financing during construction all increase confidence that SZC Co. will be able to raise the funding required for the Project and that adequate funding will be available in order for the Project to commence development and any compulsory acquisition to take place within the timescales set by the DCO. SZC Co.'s position therefore remains that the availability of funding is not considered to be an impediment to the implementation of the Project or to the acquisition of land, interests in land or rights over land identified in the DCO.

4 COMPENSATION PAYMENTS

The **Funding Statement** [\[APP-066\]](#) submitted as part of the Application explained how the project would be funded, including the cost of compensation payable if compulsory acquisition powers were to be implemented, and further expanded on in the **Funding Statement Addendum** [\[AS-011\]](#). The CA Additional Land subject to some of the Proposed Changes results in a modest increase in the compensation that would be payable in the event compulsory acquisition powers were used, but SZC Co. confirms that the position as set out in the **Funding Statement** [\[APP-066\]](#) and in the **Funding Statement Addendum** [\[AS-011\]](#) in respect of the availability of funds for compensation remains unchanged.

5 BLIGHT

- 5.1.1 In the event that any claims for blight arise in relation to the CA Additional Land, SZC Co. will be sufficiently capitalised as explained above to meet the costs of dealing with such claims.

REFERENCES

- 1.1 Department for Business, Energy and Industrial Strategy. RAB Model for Nuclear, Consultation on a RAB model for new nuclear projects. London: The Stationary Office, July 2019. (Online). Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/943746/rab-model-for-nuclear-consultation-.pdf
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- 1.5 Department for Business, Energy and Industrial Strategy (2020). Business Update Written Statement. (Online). Available at: <https://questions-statements.parliament.uk/written-statements/detail/2020-12-14/hcws642>
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