

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

NUCLEAR ENERGY (FINANCING) BILL

First Sitting

Tuesday 16 November 2021

(Morning)

CONTENTS

Programme motion agreed to.
Written evidence (Reporting to the House) motion agreed to.
Motion to sit in private agreed to.
Examination of witnesses.
Adjourned till this day at Two o'clock.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 20 November 2021

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The Committee consisted of the following Members:

Chairs: YVONNE FOVARGUE, † JAMES GRAY

Baker, Duncan (<i>North Norfolk</i>) (Con)	† Owen, Sarah (<i>Luton North</i>) (Lab)
Blackman, Kirsty (<i>Aberdeen North</i>) (SNP)	† Pennycook, Matthew (<i>Greenwich and Woolwich</i>) (Lab)
† Brown, Alan (<i>Kilmarnock and Loudoun</i>) (SNP)	† Wallis, Dr Jamie (<i>Bridgend</i>) (Con)
† Browne, Anthony (<i>South Cambridgeshire</i>) (Con)	† Whitehead, Dr Alan (<i>Southampton, Test</i>) (Lab)
† Cairns, Alun (<i>Vale of Glamorgan</i>) (Con)	Whitley, Mick (<i>Birkenhead</i>) (Lab)
† Crosbie, Virginia (<i>Ynys Môn</i>) (Con)	† Whittaker, Craig (<i>Lord Commissioner of Her Majesty's Treasury</i>)
† Doyle-Price, Jackie (<i>Thurrock</i>) (Con)	Sarah Ioannou, Rob Page, <i>Committee Clerks</i>
† Duffield, Rosie (<i>Canterbury</i>) (Lab)	
† Fletcher, Mark (<i>Bolsover</i>) (Con)	
† Hands, Greg (<i>Minister of State, Department for Business, Energy and Industrial Strategy</i>)	† attended the Committee
† Jenkinson, Mark (<i>Workington</i>) (Con)	

Witnesses

Julia Pyke, Director of Financing, Sizewell C Company

David Powell, VP Nuclear Power Plant Sales/Head of UK Business Development, GE Hitachi Nuclear Energy

Michael Waite, Director New Plant Market Development, Westinghouse Electric Company

Sue Ferns, Deputy General Secretary, Prospect Trade Union

Charlotte Childs, GMB National Officer, GMB Trade Union

Simon Coop, Acting National Officer for Energy and Utilities, Unite the Union

Public Bill Committee

Tuesday 16 November 2021

(Morning)

[JAMES GRAY *in the Chair*]

Nuclear Energy (Financing) Bill

9.25 am

The Chair: Before we begin, I will start with a few parish notices. You all know the points about social distancing and the wearing of masks, which Mr Speaker has asked us to do when we can. We will consider the Bill point by point and the rules of behaviour in this Committee are really identical to the rules of behaviour in the main Chamber.

We first agree the programme motion in private. This is a rather strange piece of procedure, which allows the Chair to ask the witnesses to leave and then to ask them back in again. I overrule that. As a member of the Procedure Committee, I keep meaning to tell us to change that properly. We now come to the programme motion, about which we met yesterday to agree. I call the Minister to move the motion formally.

Ordered,

That—

(1) the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 16 November) meet—

- (a) at 2.00 pm on Tuesday 16 November;
- (b) at 11.30 am and 2.00 pm on Thursday 18 November;
- (c) at 2.00 pm on Tuesday 23 November;
- (d) at 11.30 am and 2.00 pm on Thursday 25 November;
- (e) at 9.25 am on Tuesday 30 November;

(2) the Committee shall hear oral evidence in accordance with the following Table:

Date	Time	Witness
Tuesday 16 November	Until no later than 10.25 am	Sizewell C Company; Westinghouse Electric Company; GE Hitachi Nuclear Energy
Tuesday 16 November	Until no later than 11.25 am	Prospect; Unite The Union; GMB
Tuesday 16 November	Until no later than 2.30 pm	Citizens Advice
Tuesday 16 November	Until no later than 3.30 pm	Atkins Global; Doosan Babcock Ltd; Jacobs Engineering Group Inc.; Rolls-Royce Holdings plc
Tuesday 16 November	Until no later than 4.15 pm	The Confederation of British Industry; The Nuclear Industry Association; Energy Industries Council

Date	Time	Witness
Tuesday 16 November	Until no later than 5.00 pm	Mycale Schneider, Convening Lead Author, The World Nuclear Industry Status Report; Professor Stephen Thomas, Professor of Energy Policy, University of Greenwich; Greenpeace UK

(3) proceedings on consideration of the Bill in Committee shall be taken in the following order: Clauses 1 to 42, the Schedule, Clauses 43 to 45, new Clauses, new Schedules, remaining proceedings on the Bill;

(4) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 11.25am on Tuesday 30 November.—(*Greg Hands.*)

Resolved,

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—(*Greg Hands.*)

The Chair: Copies of written evidence which the Committee receives will be circulated to Members by email and also made available in the Committee room on each day that we meet.

Resolved,

That, at this and any subsequent meeting at which oral evidence is to be heard, the Committee shall sit in private until the witnesses are admitted.—(*Greg Hands.*)

9.26 am

The Committee deliberated in private.

Examination of Witnesses

Julia Pyke, David Powell and Michael Waite gave evidence.

9.30 am

The Chair: Welcome to our three witnesses. Before I call on them to give evidence, I remind all members of the Committee that the questions that we ask today and, indeed, the contributions that we make during the detailed discussion of the Bill from Thursday onwards must be strictly on what is written down in the Bill and may not be on anything else. They may not be about things that you wish were in the Bill but are not; they must be simply about those things that are in the Bill, and nothing beyond that. The other thing is that we must stick to the timings given in the programme motion, which the Committee has agreed. That means that when we get to 10.25 am, no matter who may be speaking, I will require you to stop speaking and the first witnesses to leave. That may seem harsh, but we stick firmly to the timings agreed in the programme motion. No discourtesy is meant to any of you.

Will any member of the Committee who has an interest to declare please do so?

Mark Jenkinson (Workington) (Con): I would like to draw attention to my entry in the Register of Members' Financial Interests. It is a matter of public record that I was employed in the nuclear sector prior to my election.

The Chair: Thank you. I will now call the first panel of witnesses, all of whom are appearing here in person, I am glad to say. We have Julia Pyke, director of financing at the Sizewell C company; David Powell, vice-president of nuclear power plant sales and head of UK business development at GE Hitachi Nuclear Energy; and Michael Waite, director of new plant market development at Westinghouse Electric Company. I thank all three of you very much for taking the time and trouble to be here. Could you briefly introduce yourselves?

Julia Pyke: Hello. I am Julia Pyke, the financing director for Sizewell C.

David Powell: Good morning. I am David Powell, vice-president for GE Hitachi's nuclear power plant business in the UK.

Michael Waite: Good morning. I am Mike Waite, director of new plant market development for Westinghouse Electric Company.

The Chair: Before I ask the Committee for relevant questions, are there things that the witnesses would particularly like to say about the Bill? Have you particular views about the Bill that you would like to get across, or are you content simply to answer questions that may be put to you?

Julia Pyke: I am very happy to answer questions.

The Chair: Shall we stick with the Q and A?

Michael Waite: Absolutely.

David Powell: Yes.

The Chair: In that case, let us start with Her Majesty's official Opposition, represented by Alan Whitehead.

Q1 Dr Alan Whitehead (Southampton, Test) (Lab): Good morning. Could I start with the Sizewell C company, and could you let me know, from the point of view of the company that has been set up for the purpose of developing Sizewell C, how you view the emergence of the RAB—regulated asset base—model as a way of funding the project at Sizewell C in particular?

Julia Pyke: I think the emergence of the RAB model is very welcome. We obviously believe that the country very much needs nuclear, to support the growth of renewables and to produce electricity when the wind is not blowing and the sun is not shining. It is very important that we deliver nuclear in a way that reduces the cost to consumers to the greatest extent it can, and we believe that the RAB model is a way of doing that and enabling private finance.

A point that is not always made about the introduction of private finance is that if we want a nuclear fleet, which, you will not be surprised to hear, I believe would be a good thing, then always relying on taxpayer funding for that fleet is not necessarily going to promote the growth of a fleet, whereas getting nuclear on to a financeable footing means that the country can size the fleet to need rather than to the availability of taxpayer funding from time to time.

Q2 Dr Whitehead: Mr Powell, Hitachi was very much involved with the Horizon consortium that pulled out of other nuclear plants a little while ago, which I believe was on the grounds that they could not sort out the

financing of those projects. If the consortium had been offered in effect a RAB model to develop those projects, would you have had a different view?

David Powell: Just to make things clear, I represent GE Hitachi, which was helping with the technology supply for the project that Horizon and Hitachi was taking forward. Hitachi was one of the main participants in trying to push forward the project at Wylfa, and I think that one of the big issues was the project's financing aspects. It takes considerable time and a lot of effort to build two large-scale reactors, and I think that the RAB model could have helped. Obviously that is history now, and we would have to go back and look at that, but I think it would have helped at least in being able to move forward with the project.

Q3 Dr Whitehead: Mr Waite, Westinghouse is the owner of Springfields Fuels.

Michael Waite: That is correct.

Q4 Dr Whitehead: I think Springfields has a series of difficulties in the continuation of its nuclear fuel and nuclear rods business. What difference would the construction of Sizewell C make to its viability as a future supplier of nuclear fuel rods and associated activities for the UK market and, indeed, the international market?

Michael Waite: As you say, Springfields has been fuelling the majority of the UK's nuclear fleet for almost 75 years. It is the exclusive supplier to the advanced gas-cooled reactor fleet, which will all have retired by the end of this decade. Whether Sizewell C moving forwards under a RAB would mean a supply of fuel from Springfields has yet to be determined. From a Westinghouse perspective, we see RAB as part of the solution for enabling further nuclear projects after Sizewell C. Certainly, the 2035 zero-carbon targets for the electricity generation sector require there to be further projects. If we could start a project at Wylfa and deliver our AP1000 technology under RAB, that would absolutely take its fuel from Springfields for the life of the facility and secure the life of the plant.

Q5 Anthony Browne (South Cambridgeshire) (Con): I am interested in the allocation of risk between companies and consumers. Obviously, one of the problems with the contracts for difference model is that you bear the construction risk, the political risk and so on, whereas with the RAB model you do not. If there are cost overruns, is there a risk that the consumer ends up paying for it rather than you and that you do not have the right incentives to control costs?

Julia Pyke: The first thing I would say is that, of course, it is very important that the developer remains incentivised to minimise construction spend consistent with building safely and to time. The introduction of the RAB model will enable Sizewell to move ahead, so, primarily for consumers, not only will they need the electricity that Sizewell can produce but electricity bills will reduce when it comes on, because the alternatives to nuclear as the producer of electricity when the wind is not blowing and so on will cost more. Overall it will reduce consumer bills. It is, as you say, very important that we get the incentive regime right so that, although risk is shared with consumers, developers are always incentivised.

Q6 Anthony Browne: To press home that point, how do you make sure that the right incentive for the companies for Sizewell C also ensures the costs remain under control, rather than simply being passed on to consumers?

Julia Pyke: Because the cost overruns will be shared, so the developers will take a significant proportion of cost overruns.

Q7 Anthony Browne: David, do you think the balance is right, in terms of shared risks between consumers and the companies?

David Powell: Yes. I think it needs to be fair. Clearly, what we are trying to do from a GE Hitachi perspective is really focused on driving down the cost of capital of our plants. The capital cost is a key part of that, of course, and clearly that part of the development that we are working on at the moment is to develop small modular reactors, with a key focus on reducing those costs by making the construction as simple as we can through modular build and using as much of the factory environment as we can. That obviously helps to reduce the costs of construction, as well as the risks of construction and the schedule of those. Like all technology developers, we have a reputation that we want to uphold, so our focus is trying to minimise the cost of that electricity for consumers by managing the projects very well.

Q8 Anthony Browne: Obviously you want to manage the projects well and guard your reputation, but big infrastructure projects such as nuclear power stations have in the past been subject to cost overruns. How do you manage that risk? Julia said it is shared between consumers and the companies, but in what way would it be shared? Is it 50:50? If you have a project that risks running out of control, how do you manage the risk to make sure there is as much benefit to the consumer as possible, or at least as little disbenefit, and what is the process for that?

Julia Pyke: One of the reasons that we are so keen to go ahead with Sizewell is that it is a copy of Hinkley, and it is in copies—fleet builds—that you get down construction risks. Hinkley has two units, and you can see how much easier it is to build unit 2. Common sense tells you it is because you are doing it again. We are very much hoping that Sizewell will be treated as units 3 and 4, and we believe—consistent with ideas about fleets of SMRs—that it is in repeat build where you get down costs. Nuclear in the UK has suffered from a considerable series of ones of a kind, followed by an extremely lengthy gap in construction. Nothing has been built since Sizewell B was turned on in 1995. It is by copying, the fleet effect, making sure that we learn all the lessons and using the same experienced team.

In terms of the proportion of risk sharing, it is not fixed yet, but around 50:50 is not an improbable outcome.

Q9 Anthony Browne: You will be applying for a licence to have the RAB model, and I am interested in your thoughts on the designation regime and whether the Secretary of State should have the power, or the regulator. It will obviously be a long process to apply for it and get the rights. In your business plans, that will be a huge part of the whole process.

Michael Waite: I missed out on the last question so I am happy to answer this one. On the designation process, there is not a huge amount of detail in the Bill about

what the requirements are for a company project to be designated. In the 2019 RAB consultation process, we entered some fairly detailed feedback which suggested that RAB, as well as being a very positive way forward for construction and operation financing of nuclear power, could also be very effectively utilised for the development phase of a nuclear power plant project. That development phase for a technology that was mature, preferably generic design assessment-licensed, could enable the de-risking of a project under the watchful eye of the regulator, where they are learning about the project, such that when it enters the construction phase, there is a significantly lower risk profile. From a Westinghouse perspective, I would say that that designation process could take place prior to the construction phase and benefit both the project company, of course, and also ultimately the ratepayer and Government through lowering the risk profile of the overall project.

Q10 Anthony Browne: On the question about who should do the designation, Julia made the point earlier that—

The Chair: I am sorry. Maybe I am just getting old, but I cannot hear what you are saying. Could you speak up a bit?

Anthony Browne: Sorry. I am also interested in the point about who should actually do the designation. Julia, you made the point earlier that you would have a system that responds to need, as it were. Could you see this becoming just an ordinary function of the regulator, or should it always be the Secretary of State who does it?

Julia Pyke: I think that is very much a question for the Government, and it will partly depend on which organisation has invested the time and money in doing due diligence on the readiness and maturity of the project.

Q11 Anthony Browne: David, do you have any thoughts on the designation?

David Powell: I agree with Julia: clearly, that is a decision for the Government. As Mike said before, it is quite important that we look at where the designation actually starts from as well, because there is a huge part of developing nuclear projects prior to getting to construction. With the Horizon project, we saw the amount of money that Hitachi had spent—over £2 billion—and it did not get to that final investment decision, so that is an important consideration as well.

Michael Waite: If I could address the same point, I absolutely think it should be the Secretary of State who has that final authority, predominantly because there are such a large number of moving parts of the project. It is not just about maturity: it is about value for money, and is that value for money just in terms of pence per kilowatt-hour, or is it UK content? There are a very large number of very broad aspects that can be assessed.

Q12 Anthony Browne: My last question is this: obviously, one of the purposes of the regulated asset base is to open up investment opportunities for UK pension funds and so on to invest in nuclear, and they obviously want reasonably reliable long-term returns. What criteria are needed from the RAB model to make it an investable proposition for UK funds? If you draw the criteria far

too tightly, it would not be very attractive, but if you made it too generous it would not be good value for the consumer, so I am just wondering what you, as people out to encourage investment, are actually looking for. What do you think is needed? I do not know who is in the best position to answer that one.

Michael Waite: None of us is in the investment community.

Anthony Browne: I know, but you have relations with the investors and you know what they are looking for.

Michael Waite: Indeed.

Julia Pyke: And it is my job to raise the money.

Michael Waite: Absolutely, the pension funds historically are great supporters of operating nuclear power plants, because those are some of the most consistent returns on investment possible. The construction phase and development phase are something different, so it is all about the risk profile for them. As I said, the more you can de-risk a project, the more it can become investable by those institutions.

Q13 Anthony Browne: But are you looking for particular things about the RAB model that will help your conversations with investors while providing value for consumers?

Julia Pyke: A consumer prices index-linked investment stream is likely to be very attractive to people with CPI-linked liabilities, such as British pension funds. Increasingly, the financial investment community is very much interested in environmental, social and governance issues, and whether or not their investment is making a difference. I think that nuclear has a fantastic track record of making a positive difference: not only does it produce low-carbon electricity, but it is a great leveller-up. It has got a great track record of offering well-paid, highly skilled, unionised jobs. It also has a very good track record with the environment itself, and the land outside the power stations. Those three things coming together will make it an investment that can fit very well into the portfolio of companies that want to make a difference with their money.

Q14 Anthony Browne: I agree with the levelling-up point, although that is more a political thing rather than—

The Chair: I am sorry, Anthony, I can't hear what you are saying; you are mumbling.

Anthony Browne: I do not know whether the microphone is working. I agree with the levelling-up point, although that is more a political thing rather than, presumably, one of the criteria that the investors would use.

David Powell: Just one operational point. Julia has spoken of the confidence that the Government will bring to the investment community, and we have seen that there are companies that want to invest in projects, but we would very much like that to be operational. Getting the investment early on is quite hard to do, so the confidence from the Government's approach on the RAB model would help to provide that confidence to the investment community.

Anthony Browne: That is the whole purpose of the RAB model. That is all my questions. Thank you.

Q15 Alan Brown (Kilmarnock and Loudoun) (SNP): Good morning. I will direct my initial questions to Julia.

Ideally, the Bill is supposed to facilitate Sizewell C going ahead. Julia, you said that you view Sizewell C as units 3 and 4 of Hinkley Point C. Given that we are consistently told that the learning from the design of Hinkley Point C went on to Sizewell, why has the taxpayer committed £1.7 billion in the Budget to take Sizewell C to a final investment decision?

Julia Pyke: The £1.7 billion and its use is not published and not available to us. I think there is an assumption that it is for a Government investment in Sizewell C. Whether or not that money is for spending before you reach a final investment decision, or is a Government investment, is the type of investment decision for the Government and not for us.

Q16 Alan Brown: The Chancellor has put that in the Red Book, so can I just check that there has been no discussions with the Sizewell C company about the front money needed to get to the final investment decision, even though that £1.7 billion was explicitly referenced in the Budget?

Julia Pyke: There has been no express discussion about the use of the £1.7 billion in the Budget as pre-development funding for Sizewell C, no. The Government do discuss how it is that we may get from where we are now to a final investment decision, but there is no explicit linking of the £1.7 billion and that discussion.

Q17 Alan Brown: Okay. So if the Bill goes through and we have the right regulated asset base model, would you still be expecting up-front money from the taxpayers to get that final investment decision, even though the design has already been undertaken?

Julia Pyke: We believe that the regulated asset base model—David and Michael will want to comment—is designed to come into place at financial close. The question of how nuclear projects get from where they are now—in the case of Sizewell the project is very mature, with a design and a team, and we have applied for consents; projects that are further behind obviously have a lot further to go and need a lot more money—is its own question. The regulated asset base model is designed to give the private investment community sufficient confidence in investing in nuclear that nuclear can go ahead and take its place in the electricity mix, which benefits consumers. The model is not necessarily designed to be a solution to the period from conception to financial close.

Q18 Alan Brown: This is probably something that I am just not clear on myself, but in terms of the regulated asset base model that the Bill facilitates, what kind of contractual period are you looking for in terms of payback? What would you expect the Government to enter into in terms of the length of contract for revenue payments?

Julia Pyke: If you look at the roughly £200 billion of regulated assets in the UK across the national grid transmission lines, distribution lines, water companies and airports, the regulated asset base model will track the lifetime of the asset. In the case of a UK European pressurised reactor, the operational lifetime is around 60 years.

Q19 Alan Brown: What about decommissioning and the disposal of radioactive waste after that? Would that be at your company's risk or would there be some sort of revenue payment for that as well beyond the 60-year lifespan?

Julia Pyke: I think nuclear is unique among electricity-generating technologies in pricing in the cost of decommissioning and waste disposal up front. In the gas price, you do not see the cost of dealing with climate change. In the price for other forms of electricity generation, you do not see waste disposal priced in, but in the case of nuclear, the cost of decommissioning and waste management and disposal is priced in to the electricity price.

Q20 Alan Brown: It is priced into a 60-year contract?

Julia Pyke: It is priced into the CfD for Hinkley, and it will be priced into the contractual arrangements for Sizewell.

Q21 Alan Brown: The regulated asset base model is clearly separate from contracts for difference, but in terms of the 60-year payback, you are looking for a lifetime asset. Would you also expect to agree a strike rate for the sale of electricity, what with the electricity generation price aspect? Would that be a risk that goes with the company?

Julia Pyke: A regulated asset base model will tend to pay for the asset to be available. We expect the electricity to be sold at market price and for the regulated asset base model to either provide a top-up, in the way the CfD does, if the costs under the RAB are above the then electricity price, or to pay back in if we see spiking electricity prices, in the way we have done recently, during low wind speeds and the gas price spike. It is two-way.

Q22 Alan Brown: But would the price fluctuation on wholesale electricity prices sit with yourselves, or would you expect that minimum floor price to minimise risk?

Julia Pyke: You would expect the regulated asset base to work in the way the existing £200 billion of regulated assets work, which is essentially to pay for availability.

Q23 Alan Brown: Okay. The Government estimate that using the regulated asset base model will save consumers between £30 billion and £80 billion. How realistic are those projected savings?

Julia Pyke: I believe that the Government have done its calculations very carefully and cautiously, so I believe they are very realistic. They are comparing the cost of money under a contract for difference with the cost of money under a regulated asset base model. It is important to remember that the cost of money is by far the dominant cost to consumers. We need nuclear, and we need to get the cost of nuclear down. The dominant cost of nuclear to consumers is the cost of money, so it is entirely plausible that the Government's figures have been carefully calculated and are right.

Q24 Alan Brown: Have yourselves or GE Hitachi had discussions with the Government about this—"Here is what the cost of borrowing is, so we predict that these are the savings that will accrue if we go to a regulated asset base model"? Thirty billion pounds is a huge saving—£80 billion even more so.

Julia Pyke: We have, of course, looked at the savings. The most important saving to consumers is that, in building nuclear, consumer bills will go down. Models without nuclear are more expensive—I think the Secretary of State himself has said that in Parliament. That is a major reason to go ahead with nuclear, and it is a major reason to introduce the most cost-effective way of financing nuclear, which the Government has concluded is the RAB.

David Powell: If I can help with that question, from the perspective of GE Hitachi, we are focused on small modular reactors in the UK. While the cost of those is considerably less than the cost of the Hinkley plants, the output is of course a lot less, at 300 MW or so. If you are going to build a fleet of those, which is where we would like to go in the UK—using that repeatability model and a standard licence design, so that once it is designed and licensed it can go through being built repeatedly, which is very much a factory output-type of approach—you very quickly get to the capital cost of something similar to a Thames Tideway project, which was £4 billion. I know that the RAB model is focused around large-scale nuclear projects, but we would also like to see that applied to small reactors or at least be considered. As yet, we have not done any analysis—all our focus has been on looking at costs, and the models have been on the contract for difference approach—but we would like to look at how that RAB model would apply, from the Government's perspective as well.

Julia Pyke: If you look at the Tideway savings, when Tideway was first conceived of, before it was decided to do a RAB, I believe it was estimated that consumers would have to pay around £80 a year on their bills, and the RAB reduced that to around £25.

Q25 Alan Brown: But, of course, that was by implementing a 60-year payback contract.

Julia Pyke: I cannot recall the length of the Tideway contract, but it is quite long.

Q26 Alan Brown: Sorry, but we are talking about looking forward for yourselves.

You are hoping that RAB will facilitate the small modular reactors as well. Would that be a 60-year operational contract you would be looking for?

David Powell: That is a matter for discussion with the Government and BEIS, but our plant design life will be 60 years, in a similar way to the Hinkley and Sizewell reactors. So, yes, potentially. That really depends on what the developers and investors would like to see.

Q27 Alan Brown: Going back to you, Julia, the Secretary of State determines value for money, as per the Bill, in terms of entering into a contract and signing off. How does someone like me, in Opposition, get to understand the figures, particularly the in-built cost of disposal of radioactive waste? How do I understand what is built into the figures that the Secretary of State can sign off under the Bill?

Julia Pyke: I do not know what plans the Government has to explain the arrangements, but I imagine it will be in line with the principles of transparency. There is a lot of information available about Hinkley. Michael made the great point earlier that value for money is around many things; it is the electricity price including the price of decommissioning, but it is also around UK content and

around jobs. We will have 70% UK content; we will give rise to around 70,000 jobs. We give work to over 3,000 British businesses. So value for money is a wider metric than just the cost. There is a lot of information available on our supply chain plans and UK content, and I think there will be a lot of information available around the calculation of the RAB price.

Q28 Alan Brown: How many permanent jobs would Sizewell C create?

Julia Pyke: Jobs in construction, using the National Audit Office metric, are around 70,000. Permanent jobs to operate the plant would probably be around 900 in ordinary state, plus several thousand more when there are maintenance outages, which are approximately every 18 months.

Alan Brown: Thanks.

Q29 Virginia Crosbie (Ynys Môn) (Con): Welcome. My first question is to Michael. Is the consumer more exposed to overruns and construction delays under CfD or the RAB financing model?

Michael Waite: In the Bill, there is not currently a clear apportionment of risk between the constructor, the developer, the investors and the consumers. It is clear that if we are developing and constructing a project, there are two approaches to ensuring there are no overruns and minimising the chances of cost and schedule difficulties. You can either take a carrot or a stick approach. If the stick is applied to the developer and the constructor, there is necessarily a larger contingency applied from day one. If I remember correctly, in the Hinkley point original negotiations there was a £2 billion contingency for potential problems and cost overruns for a first-of-a-kind project in the UK. That sort of contingency allocation can be minimised by taking more of a carrot approach, where fees and profits can be at risk but a developer and constructor is not risking losing money on the job. There are many mechanisms in place that can incentivise on-time and on-budget operation without apportioning too much risk to the construction community.

Q30 Virginia Crosbie: Thank you. David, what is the impact on the consumer of a RAB model versus a CfD financing model?

David Powell: Clearly, based on the information that the Government have put out on the RAB model, it is designed to help lower the overall cost of nuclear by lowering the cost of capital and the cost of financing. From the information I have read and discussions before, there is potentially a significant saving on large-scale projects such as Sizewell. We would hope that from building a fleet of SMRs you would be able to gain the same benefits for consumers. As I said, we have focused on trying to reduce the capital cost of the plant through simplifying the design. Add that to the benefits of the RAB model, which can help to reduce the cost of that capital through the reduction in financing, as well as increasing the incentive to deliver on schedule, there is an ideal way to try to reduce the overall costs of nuclear for consumers. We need more nuclear in the UK in order to meet the decarbonisation targets by 2035.

Q31 Virginia Crosbie: Thank you. Julia, is there a yes/no answer to this question?

Julia Pyke: Yes. I think it a brilliant question, and the answer is that in the contract for difference the construction cost overrun risk is priced in up front, so consumers pay regardless of whether you incur a construction cost overrun. That makes the capital expensive and, because it does not pay until the station turns on, you run up interest for the long construction period of nuclear. In the RAB model, the construction cost overrun risk is not priced in up front, which reduces the cost of capital. The consumer, in paying £92.50 for Hinkley, is prepaying for the risk of construction cost overrun; in the RAB model there is a possibility, which we will do everything we can to minimise, of a construction cost overrun.

An example of how the RAB model will give people more certainty to get on with repeat build is that they have put in 46% more steel at unit 2 than at unit 1 in the same timeframe. It is a combination of not pricing in the construction cost overrun risk up front, and introducing more predictability into nuclear new builds, so we stop having huge gaps between construction in which the workforce has to relearn every time you start again.

Q32 Virginia Crosbie: You mentioned the fleet effect. All but one of our nuclear reactors are coming offline over the next decade, and we are going headlong towards 2050. The Government have a net zero carbon ambition. Can we achieve that fleet effect without the RAB model?

Julia Pyke: No, I do not believe that we can. We have to make nuclear financeable, like offshore wind, and look for that fleet-build, cost-minimisation approach. The offshore wind industry has done a great job through being able to predict the opportunities to build more wind farms. We want that same fleet approach, and we want predictability so that people can have careers, and the workforce can learn and keep getting down the costs.

Q33 Virginia Crosbie: Michael?

Michael Waite: With AP1000, we can benefit from a global fleet effect. We have four operational reactors, which are breaking national and industry records. Two are approaching completion of construction, commissioning and fuel load in the US, and will bring a tremendous number of lessons learned and fleet benefits to the UK. Certainly, a potential AP1000 construction project at Wylfa and other sites can be enabled only by RAB being part of the financing solution.

Q34 Virginia Crosbie: Thank you for mentioning Wylfa. David?

David Powell: It is pretty much the same, but we are clearly developing our BWRX-300 to be a global SMR technology. We are already working with several countries, looking at the first deployment of that. We also see the UK very high in that priority list—again, bringing that fleet-build mentality and 60 years of designing these types of reactors. We are able to bring a lot of experience and know-how to that. Part of that is to try to reduce the costs of nuclear overall. We are very encouraged by seeing the RAB model, and hope that it can be applied to fleets of SMRs in the UK.

Q35 Virginia Crosbie: We had some great news regarding SMRs last week, in terms of Government support and attracting private capital. What do you think the RAB model will do in terms of reducing our reliance on overseas investment?

David Powell: I think it provides more opportunity for UK investors to come forward. We have spent a lot of time and money developing our reactor design, so we are quite well ahead now in developing projects, which is really the next stage. I think the Government funding that was announced will help the development of UK SMRs, and one of the big things that RAB does is help the development of projects. You need investors for those projects.

Q36 Virginia Crosbie: Thank you, Julia, on the impact of RAB on our dependence on overseas investment, you know the Chinese very well through China General Nuclear.

Julia Pyke: I think that having a stable CPI-linked project will make it possible for UK financial investors. That is a great thing; you can create a virtuous circle with the money of British pension funds investing in apprenticeships, skills and jobs for younger people in Britain, as well as in the production of electricity of course. I am confident that the RAB model will bring forward a lot more British investment and, exactly as you say, reduce our reliance on overseas investors.

Virginia Crosbie: I have a last question if I may.

The Chair: Quickly. I am keen to move on swiftly because we have quite a lot to cover.

Q37 Virginia Crosbie: Michael, what have you learned from your experiences of other countries' financing, and how can you relate that to the RAB model?

Michael Waite: We are currently very active in the Czech Republic, Poland, Ukraine and so on. Those nations predominantly have either majority Government-owned utilities developing nuclear projects or Government financing for up to 100% of the project. They are reducing the cost of capital by fully leveraging Government financing, which is the cheapest financing. Those are absolutely all regulated approaches. No projects that we are doing currently rely just on market forces to develop nuclear; it is too much of a long-term project, with massive long-term benefits, to leave it up to the market.

Matthew Pennycook (Greenwich and Woolwich) (Lab): I have a series of questions relating to—

The Chair: Before you start, Mr Pennycook, I should say that we have five people asking questions and 12 or 13 minutes left, so can everyone be swift in their questions and answers?

Q38 Matthew Pennycook: I will try and rattle through this. I have a series of questions relating to clause 1. Forgive me, Ms Pyke, but I think they will be directed mainly at you. It is quite clear in my mind that Sizewell C is the last project that can conceivably begin to generate by the end of this decade, so the Bill is very much about its effect on Sizewell C. Consumers in particular, but also Members of the House, will want to know whether the Bill is sufficiently discerning about which kinds of companies are designated, and who the RAB will ultimately go to. Could you detail precisely the interest in Sizewell C of China General Nuclear, or its subsidiaries or shell companies?

Julia Pyke: CGN currently has a 20% shareholding in Sizewell C. No material supply chain contracts are in place or intended to be in place with the Chinese supply chain or CGN. Whether CGN chooses to invest at financial close, and the extent to which it chooses to invest, is a matter for CGN itself and the UK Government. As Virginia's question elicited, the RAB model is designed to bring in a lot more British financing and reduce reliance on overseas investors.

Q39 Matthew Pennycook: I do not want to get into the £1.7 billion—if I heard you correctly, you said that there were no express discussions, but that is really a question for the Minister rather than for you. Leaving the £1.7 billion aside, is it the company's understanding that the Government's intention is, as has been widely reported in the media, to divest themselves of that minority CGN stake? What options do you think are being considered in that regard?

Julia Pyke: That is absolutely a question for the Government.

Q40 Matthew Pennycook: Just to be very clear, because I think this has implications for the funding model, do you not think that that minority stake, and the potential force-out divestment by the Government, has any implications for the RAB funding model for Sizewell C?

Julia Pyke: I think that Sizewell C can raise money under the RAB model. How CGN intends to go forward with a financial investment in Sizewell C is a matter for CGN and the Government.

Q41 Alun Cairns (Vale of Glamorgan) (Con): As we have highlighted, the benefits of the RAB model are that it reduces the cost of finance and provides financial certainty for any project—those are two key inhibitors in the development of new nuclear fleet. However, the construction of nuclear power stations is inherently uncertain because of the risk associated with it, and costing that risk is extremely difficult. Are you satisfied that the Bill gives the Minister the opportunity to assess the cost of that risk effectively? The alternative would be the failure of the RAB model, which would undermine the fleet generation that we would like to see.

Julia Pyke: I think that the Bill is a great framework under which there is a lot of detail to be developed, and we would expect more detail to be developed in relation to designation and the conditions of eligibility. While I could hardly deny that the cost of nuclear builds has had some uncertainty in some cases, what is not uncertain is whether nuclear works and the technology works. I think there are no cases worldwide of nuclear projects that have been abandoned for technical reasons. The industry knows how to make nuclear power stations work. So I think that there is a degree of uncertainty about the exact cost, but the whole point of building a replica of Hinkley is to minimise that uncertainty, benefit from all the lessons learned and get nuclear on to a stable, repeat-build footing.

David Powell: We designed our SMR BWRX-300 on the basis of proven technology. So we know very much the cost base for that technology, and it is really in our interest and that of investors to ensure that we can deliver to time and to budget on that. With respect to the build, we would obviously want to try to minimise

any impact and risk of cost and schedule overruns, because we see this as building a fleet of smaller reactors out of a more modular-type approach.

Q42 Alun Cairns: Mr Waite, in asking you the same question, may I add a supplementary to gain greater context? Is the RAB model's success dependent on an in-principle Government commitment to a fleet of nuclear power stations rather than just one or two?

Michael Waite: I do not think it is implicit, actually. We have heard about fleet benefits. What I think RAB does do, though, is ensure accessibility to the UK market for non-foreign-sovereign-owned entities. Under a CfD approach, frankly only large foreign Government-owned entities can stand that up-front cost. Then you are potentially delivering electrons, but you are delivering a foreign Government's objectives and strategies rather than benefiting from the UK Government's objectives.

Alun Cairns: Thank you.

Q43 Dr Whitehead: Ms Pyke, you mentioned that you are basically responsible for getting the money in for Sizewell C. What hurdle rate do you anticipate that the investments will come in at as a result of RAB?

Julia Pyke: RAB is designed to attract low-cost capital, and the cost of capital will be set competitively. We anticipate a competition, which should drive down the cost of capital, between equity investors. We also anticipate that the cost of debt, which will actually be the majority cost of the project, will be set competitively. We do not have a hurdle rate, and deciding that hurdle rate will obviously be in part a matter for Government in terms of what will offer value for money. The Government's impact assessment talks about example hurdle rates and we anticipate that the return will be somewhere in the region of the Thames Tideway tunnel rate, plus possibly some premium for it being nuclear, which is a novel asset class for private sector money in the UK.

Q44 Dr Whitehead: You have absolutely correctly drawn attention to the impact assessment, which as you know projects a number of hurdle rates that could transpire below the 9% that is effectively the implied rate for Hinkley C. The calculations for the difference between what would have happened with a CfD as opposed to RAB depend on what hurdle rate comes out as a result of that. I wonder if you are able to give us any better indication of the area the hurdle rate is likely to fall to as a result of RAB being applied to the investments you are seeking?

Julia Pyke: We think the relevant rates to look at are the rates that are currently determined by Ofgem for investors in the £200 billion of existing UK regulated assets. That is the range that we anticipate will be relevant.

Q45 Dr Whitehead: Which is what?

Julia Pyke: As the Government have put in their impact assessment, you can run this at percentages over inflation that equate to the existing market in investing in RAB. I do not want to suggest a particular number—that would not be appropriate, because we are going to set the cost of capital competitively—but you can see the ranges that the Government have used, which they have based on the evidence of what is invested today in RAB assets.

Q46 Dr Whitehead: Yes, but they have used that with what the impact assessment calls an “optimism bias assumption” behind it. What is your view of the optimism bias assumptions that you might have to make about the hurdle rate you are going to get? I am sorry you are not able to give even a range of percentages this morning.

Julia Pyke: Do you mean whether I think the Government have been overly optimistic in assessing the likely cost of capital to be derived through competition? Is that your question?

Q47 Dr Whitehead: No. I take it from the impact assessment that they are trying to price in, if at all possible, what they regard as the almost inevitable optimism bias in terms of initial figures. I am afraid it is a staple of nuclear calculations that there is usually a pretty optimistic bias in the initial calculations that the project will run exactly on cost calculations and exactly on time.

Julia Pyke: I think we are talking about two things here. There is optimism bias in relation to the outturn capital costs. The Government have taken a cautious approach to applying optimism bias to the capital costs, given that we are replicating the Hinkley design, using the experienced team, and we can see the savings made in unit 2 compared with unit 1. In relation to the cost of capital, it is entirely sensible for the Government to have based their calculations on the existing market of investment in regulated asset base industries in the UK. I do not think there is an optimism bias issue around their evaluation of existing investment rates.

Q48 Dr Whitehead: But you would perhaps conclude that at least you can go to a 6% hurdle rate, if not better?

Julia Pyke: I would conclude no such thing. What investors choose to bid will be a function of how attractive the product is to the equity, what else is available in the market—it will be a whole range of considerations, but essentially it will be in the area of the existing investments in regulated assets in the UK, which are publicly available.

Q49 Dr Whitehead: I think you would appreciate that the whole question of what RAB saves over a period of time depends on that hurdle rate?

Julia Pyke: Indeed, it does depend on the hurdle rate, but—

Dr Whitehead: But you are not able to help us this morning.

Julia Pyke: I do not think anybody is questioning the assumption that, in moving to a RAB from a contract for difference model, the cost of capital will come down, so it will save money compared with a contract for difference model.

Q50 Dr Whitehead: But we do not know how much?

Julia Pyke: We cannot know how much, because it will be set in the future through competition.

The Chair: Unless any other of our colleagues have a one-minute question, we are at 10.24 am and that very neatly brings us to the end of our time. *[Interruption.]* I am afraid we only have one minute, Alan; one yes or no question, perhaps?

Q51 Alan Brown: If Sizewell C gets the go-ahead, how long do you think it will take to get to the commissioning stage and generate electricity in the grid?

Julia Pyke: The construction period is about 10 years, so it will take about 10 years.

The Chair: Thank you very much. I thank all three of our witnesses, who have had a gruelling session. It has been very useful; a lot of information has been gleaned from your evidence and we are most grateful to you for taking the time to come and speak to us. Thank you very much indeed. Would you mind vacating the hot seat? You will be replaced by only one person in the room. Incidentally, you are more than welcome to stay and listen to the subsequent session. I invite the next panel to join us.

Examination of witnesses

Sue Ferns, Charlotte Childs and Simon Coop gave evidence.

10.25 am

The Chair: I welcome all three of our witnesses to this evidence session of the Bill Committee. Rather than me introducing you, it might be more sensible if you introduce yourselves in a moment. We have until 11.25 am for this session, and at 11.25, even if you are speaking, I will close the session at that moment, through no discourtesy but because the rules of the House state that we must stop at precisely 11.25. Starting with Mr Coop, as he is here, will you kindly all introduce yourselves? And if you have any introductory remarks about the Bill, that is always very helpful.

Simon Coop: My name is Simon Coop. I am acting national officer for energy and utilities at Unite the union.

Sue Ferns: My name is Sue Ferns and I am the senior deputy general secretary at the Prospect trade union.

Charlotte Childs: I am Charlotte Childs. I am national officer for the GMB trade union.

The Chair: Thank you all very much for being here. We will start with Her Majesty's loyal Opposition and Dr Whitehead.

Q52 Dr Whitehead: Good morning, everybody. I would like to start with Sue. As you will know, we have had quite a lot of dialogue about Springfields nuclear fuels, the role that Springfields nuclear fuels has played in providing fuel for the UK nuclear industry, and the role that it might play in the future. Could you briefly take us through, first, the problems that Springfields nuclear fuels has at the moment and, secondly, what role you consider it might play should the Sizewell C project go ahead?

Sue Ferns: Certainly. At the moment, Springfields nuclear fuels faces a bit of a crisis, primarily due to the earlier than expected rundown and closure of the AGR—advanced gas-cooled reactor—fleet, which has been its major component of fuel manufacture, not the only but the major one. The effect of that is that from January of next year it will be producing only 55 tonnes of AGR fuel, compared with a normal load of about 200 tonnes. That obviously has implications for the workforce and it means that that plant will be operating in deficit as from January of next year.

There have been protracted discussions over the course of the year. We have seen two rounds of redundancy notices issued to the skilled and specialist staff on the site, and there is a danger, in the face of continued uncertainty, that more of those specialist skills and expertise will be lost.

I should say that fuel manufacturing is the key function of Springfields nuclear fuels but there is also much wider expertise. It provides a range of other services to the nuclear industry and is seen as a key part of the UK's nuclear expertise. We very much fear for the future and are in active discussions with the company and Government about that.

There is both a short-term and a longer-term challenge, and a longer-term opportunity. If more nuclear power stations are constructed in the UK, we can see a good fuel load for Springfields from about 10 years' time onwards, but the problem is that unless we solve the short-term hiatus in fuel orders, those skills and expertise will be lost and will not be easily recovered, if at all. The opportunity is for Springfields, as it was recognised in the nuclear sector deal, to continue as a centre of nuclear excellence and expertise as our unique UK fuel manufacturing capability, able to provide fuel to reactors in the UK of all types, and potentially to plants in other parts of Europe as well.

Q53 Dr Whitehead: Charlotte and Simon, you have been very involved in union representation at Hinkley Point C, and in the discussions on the transfer of skills and labour from Hinkley Point C, as it progresses, to the development of Sizewell C, as it progresses in its earlier stages. What is your view on the soundness of those possible arrangements, and what sort of saving to the project as a whole might arise from that doubling up of the workforce and skills between the two nuclear plants, and indeed the cloning of one nuclear plant with another in the Sizewell C model?

Charlotte Childs: The conversations that we have had with EDF in terms of building a nuclear supply chain, and the skills required to build both of those projects, and further projects, mean that the decision on the RAB funding model, hopefully leading towards a final investment decision in the near future, creates a really great opportunity for the timelines of those projects to line up, and for the skilled workforce who are needed at Hinkley Point to just about finish what they are doing there in time to move over to Sizewell. It creates certainty for the nuclear supply chain and for those who have gone through a training programme with Hinkley.

We have negotiated some industry-leading processes to ensure that people from the local area can go from low to no qualifications into qualified trades and apprenticeships. It creates an ongoing opportunity for those people and job security that we do not generally see in the construction sector. Time is of the essence. To maximise the benefit for the nuclear supply chain and drive down costs, because it is already in place, it is imperative that those decisions are made sooner rather than later.

Simon Coop: I reiterate those points. With regard to Hinkley Point C, it is really a no-brainer to adapt those transferrable skills and move them into Sizewell C in order to ensure that costs do not spiral out of control. There is a clear model already in use that we can learn from to move into Sizewell C. The timing of that

transfer is of the essence in ensuring that we do not lose the skills from one project and that we develop and move them forward into Sizewell C. Urgency is needed to move that project forward as soon as possible in order to maintain the skills from Hinkley Point at Sizewell C. Any kind of developments have to be in line with industry standards, and we also have to make sure that any misgivings or fore learnings that we establish from Hinkley Point C are clearly ironed out as we move forward to Sizewell C. The replica gives us the opportunity not just to learn from what we have done but at Sizewell C to improve and iron out any problems that we have had to maximise value for money for all vested parties.

Q54 Dr Whitehead: Is it your view that the present workforce in Hinkley understand that possible process, and that they have, in principle, a willingness to relocate should that sort of model go ahead in the development of Sizewell C?

Simon Coop: The UK workforce are absolutely flexible and they are highly skilled. In construction, the same key workers with the key skills have moved to projects. I do not see that being a major problem in future construction projects. As a result of talking to the company, there are already plans to transfer the operational skills at Hinkley Point B to Hinkley Point C. Those operational skills are currently transferring and people are keen to move on and use those skills at the Hinkley Point C project. There should be no difference in terms of transfer to future construction projects.

Q55 Alan Brown: My question is to Ms Childs. I got a letter from GMB Scotland asking me as a Scottish Member of Parliament to support new nuclear projects because of the jobs that they create. I certainly understand the value of jobs because I come from a constituency where we welcome new jobs, but does the £20 billion for Sizewell C give a good enough return on the jobs created? I would argue that that money could be used to create a manufacturing process or more jobs around the UK rather than that £20 billion being spent at one location. Have those types of discussions happened within the union?

Charlotte Childs: We are a member of that organisation, so the letter you received and the policy that we have set is based on a wide-ranging discussion with our members. In response to your suggestion about investment in manufacturing, it is not a this or that situation, is it? Scotland in particular has benefited greatly from the current nuclear civil generation, and the zero carbon generated by Torness and Hunterston B have contributed to southern Scotland consistently hitting the 2030 target, working alongside other renewables like wind to provide green energy. Without heavy investment in new nuclear projects we will not reach our net zero targets, and Scotland has set itself an even more ambitious target of 2045 to reach net zero. That simply will not be possible without having a consistent and reliable baseload that is net zero in its production of energy.

Q56 Alan Brown: Could that baseload not be created by tidal streams or other alternates that balance better with intermittent renewables?

Charlotte Childs: Those alternates do not exist yet and will not do so for a long time. The technology is not there in the short term to reach the targets that have been set in the near future. It is also about investing in

UK skills and jobs, and the existing nuclear supply chain—Sue spoke of Springfields and the nuclear supply chain in place to deliver Hinkley Point C. As Simon and I have said, we need to ensure that the decisions are taken decisively and quickly to protect those supply chain jobs. The supply chain for wind, for example, which you have suggested in the past is a viable alternative to nuclear, is not within the UK. We have the skills and the capability, but we are currently importing turbine parts and steel from China to create the wind turbine fields that are currently being constructed. The £20 billion is a lot of money, but it will create an inordinate number of skills, prospects and social changes for the local area around Sizewell, as well as for the wider UK workforce and supply chain.

Q57 Alan Brown: Thanks. I agree with you about offshore being a missed opportunity for manufacturing in the UK, but tidal stream actually provides that opportunity. Ms Ferns, did you want to come in on that?

Sue Ferns: If you do not mind, I just want to add to what Charlotte has said. Our analysis shows that investment in nuclear is more jobs-rich than investment in other low-carbon technologies. We have done some work, based on Office for National Statistics data, that shows that each installed megawatt of nuclear capacity supports roughly 4.7 direct and indirect jobs, compared with 1.5 in offshore wind and 1.1 in solar. I would be happy to share that analysis with you if it is of interest.

Alan Brown: I have seen that—I know some of it is up for debate. It is also about operational jobs. I will happily discuss that further.

The Chair: Great. Unless there are any further questions from Members or our witnesses have anything particular to say that they have not said—I see no indication that that is the case—I thank our three witnesses very much indeed for their time before the Committee. Their evidence will be useful in our deliberations over the next couple of weeks, when we will consider the detail of the Bill. I call the Whip to move the motion to adjourn.

The Lord Commissioner of Her Majesty's Treasury (Craig Whittaker): I beg to move—*[Interruption.]*

Q58 The Chair: I am sorry to interrupt—it is a very dangerous thing to interrupt a Whip—but Ms Childs has one more comment to make.

Charlotte Childs: Apologies, but while I have this audience I want to touch quickly on the industrial relations model that we have in place at Hinkley Point. The benefit that it is creating for the workforce there could be transferred to Sizewell C, and amendments could be made to the Bill to entrench that within the process. We have a joint project board set up at Hinkley Point B, and the unions have an influential voice within it. A committee was also set up on site to deliver results for our members in industrial relations and health and safety, and we are putting agreements in place for the terms and conditions of those building the plant, and agreements are under discussion for those who will be operating the plant once it is finished.

It would be prudent for those who make the decisions to make amendments that require the nuclear company, as it were, to recognise established sector trade unions,

and to embed union access—or the requirement for union access—into the Bill, not just for the client and the tier 1 contractors, but for second and third-tier contractors, as we have on the HS2 project. The nuclear company should have regard to the security of its supply chain, and figures on UK content should be published.

The access that we have on Hinkley Point has created an environment where the GMB in particular is able to have really in-depth discussions with the client and tier 1 contractors on things such as equality and diversity and inclusion. We are currently working on projects to encourage women into the construction sector at Hinkley Point and to create an environment that will be welcoming and encouraging to women who want to come into the sector. Given the skills gap the construction sector currently faces and is heading towards, it is important that that work is done with both employer and trade unions to ensure that we get that right for the workforce. While I had the floor, I wanted to suggest that union access was put into the Bill.

Q59 The Chair: Thank you for that; that is very useful, and I am sure it will provide inspiration for those seeking to table amendments to the Bill. Mr Coop?

Simon Coop: On the investment question, which I did not respond to at the time, it does seem significant, but in order to have balanced UK energy security moving

forward, that investment has to be put in place. There is no doubt, as we look at the streams of nuclear energy, that a fleet of nuclear energy is needed, and this Bill should not be just in line with Sizewell C; it should be a Bill that moves forward a nuclear fleet. We are in a position where, by 2025 and 2030, there will be clear problems in nuclear generation, as six stations will be coming off stream at that point in time. For a clear, balanced energy policy, nuclear, along with renewables, solar and wind, has to be a part of that—not just as a back-up situation, as some people state, but as an integral part of the UK's energy moving forward. That has to be key.

On collective bargaining and union agreements on sites, there is no doubt that unions build clear relations and the highest health and safety standards, which in turn will definitely mean that any project has more chance of succeeding within budget because of the clear integrity of the health and safety situations through joint agreements.

The Chair: Thank you very much.

Ordered, That further consideration be now adjourned.
—(Craig Whittaker.)

10.47 am

Adjourned till this day at Two o'clock.