Making a positive difference
for energy consumers

Consultation

Proposal to modify the special conditions of the Electricity Generation Licence granted to Sizewell C Limited, the PFCIs, and the CDA Calculation Model

Publication date:	16 July 2026
Response deadline:	13 August 2026
Contact:	Calum Waugh
Team:	Nuclear RAB
Email:	NuclearRAB@ofgem.gov.uk

We are consulting on proposed modifications to the special conditions of the electricity generation licence granted to Sizewell C Limited, the Price Control Financial Instruments (PCFIs), and the Cost of Debt Adjustment (CDA) Calculation Model.

We would like views on our proposals from people with an interest. We particularly welcome responses from networks, consumer groups and charities. We would also welcome responses from other stakeholders and the public. This document outlines the scope, purpose and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations.

We will publish the non-confidential responses we receive alongside a decision on next steps on our website at ofgem.gov.uk/consultations. If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

Contents

Introduction

As part of our review of the working of the Sizewell C regulatory regime, we are proposing to amend the:

- Special Conditions of Sizewell C's electricity generation licence
- Sizewell C Price Control Financial Model (PCFM)
- Sizewell C Price Control Handbook (PCFH)
- Sizewell C Cost of Debt Adjustment Building Block (CDA Calculation Model)

Please find enclosed the Notices setting out our proposed changes issued pursuant to the relevant licence conditions, PCFIs and CDA Calculation Model.

As part of the enclosed Notices, we provide the following documents with proposed modifications marked up:

- Special Conditions of the licence
- Sizewell C PCFM
- Sizewell C PCFH
- Sizewell C CDA Calculation Model

Proposed modifications

We are proposing amendments to the PCFM, PCFH, Special Conditions and CDA Calculation Model.

These include the following proposed changes to the Special Conditions to the licence:

- Modifications to Special Condition 27.21 Valuation of the Regulated Asset Base during the Pre-PCR Phase, to revise the definition for the term 'Partial Period Share'
- Modifications to Special Condition 30.11 Allowed Revenue during the Pre-PCR Phase, to revise the calculation of TVM, to apply to the calculations of the K-factor and Cost of Debt Adjustment Building Block.

These also include the following proposed changes to the PCFIs:

- Modification to the PCFIs to change the calculation of Partial Period Share consistent with the modification to Special Condition 27.21.
- Modification to the PCFM to adjust the calculation of TVM consistent with the modification to Special Condition 30.11.
- Modifications to the PCFIs to remove the tax allowance for interest receivable.

As well as being modified, the PCFH is being moved to a new template with updated formatting.

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These also include the following proposed changes to the CDA Calculation Model

- Modification to adjust the calculation of Partial Period Share consistent with the modification to 27.21.
- Modification to adjust the calculation of TVM consistent with the modification to Special Condition 30.11.

We set out the effect of and the reasons for these proposed modifications below.

General updates

In parallel to these changes that we are consulting upon, we are also proposing to direct other changes to the PCFIs in accordance with the licence as a result of errors of functionality in the PCFIs. These other changes are being published in parallel and can be found linked to below. To aid users' review of the PCFIs and CDA Calculation Model, we have published a single version of each of the PCFM, PCFH and CDA Calculation Model that show proposed changes as a result of both this statutory consultation, as well as changes proposed to be made to the PCFIs by direction. Changes in the PCFIs and the CDA Calculation Model that relate to this statutory consultation are coloured **pink**, while changes in the PCFIs and CDA Calculation Model that relate to changes by direction are coloured **blue** in column A of both the PCFM and the CDA Calculation Model.

For further details on the changes we are proposing to direct in accordance with the licence, please see the associated publication linked to the web page of this publication. The tracked changes showing the proposed amendments within the documents are published alongside this Notice.

A comprehensive list of the proposed changes to the PCFIs from this consultation can be found in Appendix 1 and Appendix 3 to this Notice.

A comprehensive list of the proposed updates to the CDA Calculation Model can be found in Appendix 2.

Proposed Modification to Special Condition 27.21 Valuation of the Regulated Asset Base during the Pre-PCR Phase

What we are proposing to change

We are consulting on a proposed change to an existing Special Condition, SC 27.21. Valuation of the Regulated Asset Base during the Pre-PCR Phase. This change will alter the definition of Partial Period Share, used to adjust returns for a Charging Year that is not equal to 12 months. Accompanying changes to the PCFIs and the CDA Calculation Model reflecting this will also be made. The accompanying changes being made are indicated in Appendix 1, change number 1 for the PCFM, Appendix 3, A3.3 for the PCFH, and Appendix 2, changes numbered 1a to 1g for the CDA Calculation Model.

Reason

As currently drafted, Partial Period Share only accounts for a Charging Year that is 12 months or less. This means this term does not reflect the possibility of a year that is longer than 12 months, which impairs the workability of the regime given that the First Charging Year is 17 months long.

Effect

The proposed amendment would modify the description in SC 27.21 of the licence.

This change will ensure that where a Charging Year is longer or shorter than 12 months, the term ‘Partial Period Share’ will reflect the length of the Charging Year.

Proposed Modification to existing term in SC 27.21

Term	**Description**	**Price Base**
PartialPeriodShare	means the Partial Period Share being, to the extent applicable, the share of the partial period in the relevant Charging Year to reflect ~~that the Charging Year is a part year~~ where a Charging Year is more or less than 12 months and, where the relevant Charging Year is ~~not a part year~~ equal to 12 months, will be equal to 1	N/A

Proposed Modification to Price Control Financial Instruments (PCFIs) in relation to interest receivable

What we are proposing to change

We are consulting on modifying the PCFIs to remove the tax allowance Sizewell C is currently remunerated for in relation to interest receivable. The changes proposed are indicated in Appendix 1, change numbers 3a, 3b and 3c for the PCFM change and Appendix 3, A3.2 for the PCFH change.

Reason

Interest receivable is currently retained by Sizewell C and, reflecting this, it is not appropriate that consumers bear the tax costs associated with it as they do not benefit from the underlying interest income. Additionally, Sizewell C is unlikely to incur corporation tax on interest receivable during the Pre-PCR Phase so without a change to the PCFI they would be remunerated for a cost not expected to arise as currently drafted.

Effect

This change will ensure that consumers do not fund the tax costs incurred by Sizewell C in relation to interest receivable. This is because within the Sizewell C regulatory regime, the licensee retains any interest receivable it earns, in addition to the revenue it receives from consumers.

Proposed Modification to Special Condition 30.11 Allowed Revenue during the Pre-PCR Phase

What we are proposing to change

We are consulting on a proposed change to an existing Special Condition, SC 30.11 Allowed Revenue during the Pre-PCR Phase. This change would amend the licence algebra for the Time Value of Money (‘TVM_t’) parameter to ensure it correctly reflects the actual length of a Charging Year. This change affects both the calculation of the K-factor true up (‘K-factor’) and the Cost of Debt Adjustment (CDA) Building Block, ensuring each is calculated correctly where the length of a Charging Year is more or less than 12 months. This change will also be accompanied by a change to the PCFM and the CDA Calculation Model. These changes are indicated in Appendix 1, change number 2a and 2b for the PCFM and Appendix 2 for the CDA Calculation Model.

Reason

The current licence algebra used to calculate the TVM adjustment is not aligned to the rest of the regulatory regime that flexes relevant parameters where the Charging Year is more or less than 12 months. Making this change will align the TVM adjustment to the rest of the licence. This will ensure the licensee is not over or under remunerated when calculating the value of the K-factor and CDA Building Block.

Effect

The proposed amendment would modify the formula in SC 30.11 of the licence. This change will ensure that where a Charging Year is longer or shorter than 12 months, the “Time Value of Money” formula ensures calculations are proportionate to the actual length of the Charging Year rather than 12 months. This will reduce the risk of inconsistent treatment across the licence, PCFIs and CDA Calculation Model.

Proposed Modification to existing terms and definitions in SC 30.11

11. TVM_t for each Charging Yeart in the Pre-PCR Phase other than the Final Pre-PCR Phase Charging Year will be calculated in accordance with the following formula:

$$TVM_t = \left[(1 + IWACC_t)^{PartialPeriodShare} \frac{PI_{t+1}}{PI_t}\right] - 1$$

Where:

Term	**Description**
TVM_t	means the Time Value of Money for the relevant Charging $Year_t$
$IWACC_t$	has the meaning given to it in Special Condition 1 (*Interpretation and Definitions*), as may be adjusted for Charging $Year_t$ in accordance with Special Condition 41 (*Timely Achievement of COD*)
PI_{t+1}	means CPIH for Charging $Year_{t+1}$
PI_t	means CPIH for Charging $Year_t$
PartialPeriodShare	means the Partial Period Share for Charging $Year_t$ calculated in accordance with paragraph 21 of Special Condition 27

(proposed modifications in red)

Statutory Notice

To: Sizewell C Limited

Electricity Act 1989

Section 11A(2)

Notice of statutory consultation on a proposal to modify the special conditions of the Sizewell C licence:

1. The Gas and Electricity Markets Authority ('the Authority')[1] proposes to modify the special conditions of the electricity generation licence held by the licensee listed above ('the licensee') granted under section 6(1)(a) of the Electricity Act 1989 and modified under section 6(1) of the Nuclear Energy Financing Act 2022 by:

    - Amending SC 1. Interpretation and Definitions – Part B: Definitions;
    - Amending SC 27.21 Valuation of the Regulated Asset Base during Pre-PCR Phase;
    - Amending SC 30.11 Allowed Revenue during the Pre-PCR Phase.
    - Amending the Price Control Financial Instruments (PCFIs), which SC 26.4 Price Control Financial Model states form part of the licence.

2. The purpose, reasons for, and effect of these proposed modifications are described in the cover letter to this notice.

3. This letter and the documents attached to this notice contain the proposed modifications to the Special Conditions of the electricity generation licence held by Sizewell C Limited.

4. In addition, we are also proposing modifications to the Sizewell C Price Control Financial Instruments (PCFIs). These are described below.

5. The reasons for the proposed modifications, and an overview of the proposed modifications to the Sizewell C Price Control Financial Models ('PCFM'), as well as the Sizewell C Price Control Financial Handbook ('PCFH') are set are set out in the covering letter to this notice.

6. The changes we propose to the PCFM are:

[1] References to 'the Authority', 'GEMA', 'Ofgem', 'we', 'us' and 'our' are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. Ofgem is the office of the Authority which supports GEMA.

   a. Remove the tax allowance for interest receivable, as well as other changes elsewhere in the PCFM.

   b. Change the approach to calculating the TVM adjustment to reflect the circumstances of the First Charging Year, as well as other changes elsewhere in the PCFM to facilitate this change.

7. Please see Appendix 1 to this notice for a list of the proposed PCFM modifications and their locations.

8. The change we propose to the CDA Calculation Model is:

   a. Changes to the approach to calculating various reconciliations within the CDA Calculation Model to reflect the circumstances of the First Charging Year.

9. Please see Appendix 2 to this notice for a the proposed CDA Calculation Model modification and its location.

10. The changes we propose to the PCFH are:

   a. To remove Interest Receivable as a PCFM Variable Value.

   b. To include Actual Supplemental Revenue as a PCFM Variable Value.

11. Please see Appendix 3 to this notice for the proposed PCFH modification and its location.

12. In parallel to these changes that we are consulting upon, we are also proposing to direct other related changes to the PCFIs and CDA Calculation Model in accordance with the licence. To aid users review of the PCFIs and CDA Calculation Model, we have published a single document per financial model/guidance that shows proposed changes as a result of both this statutory consultation, as well as changes proposed to be made to the PCFIs and CDA Calculation Model by direction. Changes in the PCFIs and CDA Calculation Model that relate to this statutory consultation are coloured **pink**, while changes in the PCFIs and CDA Calculation Model that relate to directed changes are coloured **blue**. Where a change is being proposed a result of both this consultation and a directed change, the change has been marked in **pink**.

13. A copy of the proposed modifications and other documents referred to in this notice have been published on our website (www.ofgem.gov.uk). Alternatively, they are available from foi@ofgem.gov.uk. Appendices 1 and 2 indicate the location of changes within the published PCFIs.

14. Any representations with respect to the proposed licence modifications must be made on or before 13 August 2026 to: Calum Waugh, Office of Gas and

Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to NuclearRAB@ogfem.gov.uk.

15. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.

16. If we decide to make the proposed modifications, they will take effect not less than 56 days after the decision is published.

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Giorgia Albieri
Deputy Director -Low Carbon RAB
Duly authorised on behalf of the Gas and Electricity Markets Authority
16 July 2026

Your response, data and confidentiality

Consultation stages

Key stages the consultation will progress through to get to a final decision.

Stage 1 Consultation open: 16 July 2026

Stage 2 Consultation closes (awaiting decision). Deadline for responses: 13 August 2026

Stage 3 Responses reviewed and published: 26 August 2026

Stage 4 Consultation outcome (decision or policy statement): 26 August 2026

How to respond

We want to hear from anyone interested in this consultation. Please send your response to the person or team named on the front page of this document.

We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.

We will publish non-confidential responses on our website.

Your response, data, and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information. For example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations, or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will contact you to discuss which parts of the information in your response should be kept confidential and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the United Kingdom's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of UK GDPR. Ofgem uses the information in responses in performing its statutory functions

Consultation Proposal to modify the special conditions of the Electricity Generation Licence granted to Sizewell C Limited, the PFCIs, and the CDA Calculation Model and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

If you wish to respond confidentially, we will keep your response confidential, but we will publish the number, but not the names, of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

How to track the progress of a consultation

1. Find the web page for the call for input you would like to receive updates on.
2. Click 'Get emails about this page', enter your email address and click 'Submit'.
3. You will receive an email to notify you when it has changed status.

A consultation has three stages: 'Open', 'Closed (awaiting decision)', and 'Closed (with decision)'.

General feedback

We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

- Do you have any comments about the overall process of this consultation?
- Do you have any comments about its tone and content?
- Was it easy to read and understand?
- Or could it have been better written?
- Were its conclusions balanced?
- Did it make reasoned recommendations for improvement?
- Any further comments?

Please send any general feedback comments to stakeholders@ofgem.gov.uk.

Appendix 1. Proposed changes to Sizewell C Price Control Financial Model (PCFM)

Change number	Modification	Model reference	Formula as published (column M by default)	Formula as updated (column M by default)
1	Partial period share	AR!L13:CV13	n/a	=FinancialInputs!M14
2a	Partial period share	AR!L40:CV40 (previously AR!L39:CV39)	=FinancialInputs!M63	=IF(AND(SUM($K13:M13)>1,SUM($K13:M13)<2), (1+FinancialInputs!M63)^(SUM($K13:M13))-1,FinancialInputs!M63)
2b	Partial period share	AR!M44:CV44 (previously AR!M43:CV43)	=K37*(1+K41)*(1+L41)	=IFS(SUM($K$13:M13)<3,0,SUM($K$13:M13)<4,SUM($K$38:K38),1,K38) *(1+K42)*(1+L42)
3a	Interest receivable	Finance&Tax!L280:CV280	=FinancialInputs!L332	[set to blank values]
3b	Interest receivable	FinancialInputs!L320:CV320 (previously FinancialInputs!L316:CV316)	=0	[set to blank values]
3c	Interest receivable	FinancialInputs!L320:CV320 (previously FinancialInputs!L316:CV316)	= INDEX(M$311:M$325,MATCH($E332&$H332,$E$311:$E$325& $H$311:$H$325,0))	[set to blank values]

Appendix 2. Proposed changes to Sizewell C CDA Calculation Model

Change number	Modification	Model reference	Formula as published (column O by default)	Formula as updated (column O by default)
1a	Partial period share	Inputs!F18	n/a	31/03/2027 (column F)
1b	Partial period share	Outputs!H14	n/a	=Inputs!$F$18 (column H)
1c	Partial period share	Outputs!O14:DW14	n/a	=IF(AND($H14>=O$6,$H11<=O$7),1,0)
1d	Partial period share	Private debt reference point!H14 CDA!H14 D1!H14 to D20!H14	n/a	=Outputs!H14 (column H)
1e	Partial period share	Private debt reference point!O14:DW14 CDA!O14:DW14 D1!O14:DW14 to D20!O14:DW14	n/a	=Outputs!O14
1f~~1f~~	Partial period share~~Partial period share / TVM~~	CDA!O65:DW65~~CDA!H14~~	=Inputs!O$41~~n/a~~	=IF(AND(O14=1,P14=0),(1+Inputs!O$42)^(SUM(N8:O8)/O8)-1,(1+Inputs!O$42)^(O8/DAYS(O7,O6))-1)~~=Outputs!H14 (column H)~~
1g~~1g~~	Partial period share~~Partial period~~	CDA!J67~~CDA!O14:DW14~~	% real~~n/a~~	% nominal~~=Outputs!O14~~

	~~share / TVM~~			

Appendix 3. Proposed changes to Sizewell C Price Control Financial Handbook (PCFH)

Part A: Changes within the scope of this statutory modification:

A3.1 The PCFH is being updated into a new template with updated formatting.

A3.2 Modification of the PCFH to remove the tax allowance Sizewell C is currently remunerated in relation to interest receivable. The variable value $Int_{receivable}$ has been removed from Table 3.1, found under the heading “List of PCFM Variable Values” in the PCFH. This is found on pages 23-27, in Chapter 3. PCFM Input Data.

A3.3 Modification of the PCFH in 2.20 to change reference to row 41 to row 42 and in 2.22 to change reference to row 43 to row 44. These are consequential changes as a result of adding in a row to the PCFM in order to modify the licence condition 27.21.

Appendix 4. Privacy notice on consultations

Personal data

A4.1 The following explains your rights and gives you the information you are entitled to under the UK General Data Protection Regulation (GDPR).

A4.2 Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data as a public authority, the UK GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data Your personal data will only be shared with the relevant teams in Ofgem to proceed with this consultation.

5. For how long we will keep your personal data, or criteria used to determine the retention period. Your personal data will be held for 7 years.

6. Your rights

   The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data

- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at https://ico.org.uk/, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system.

10. More information: For more information on how Ofgem processes your data, click on the link to our "Ofgem privacy promise".