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Sizewell C

25 Copthall Avenue

London

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Our Ref: Nuclear RAB
Email: NuclearRAB@ofgem.gov.uk
Date: 3 September 2026

Dear Company Secretaries and Stakeholders,

Decision to modify the Sizewell C Price Control Financial Model, Price Control Financial Handbook, and the Cost of Debt Adjustment Calculation Model

This letter sets out the decision of the Gas and Electricity Markets Authority (the "Authority") to modify the Sizewell C Price Control Financial Model (PCFM), the Sizewell C Price Control Financial Handbook (PCFH) and the Sizewell C Cost of Debt Adjustment (CDA) Calculation Model. The modifications are made by direction under the relevant special conditions of Sizewell C Limited's electricity generation licence (the "licence"), set out in the "Direction" section below.

On 16 July 2026, the Authority published to the notice of proposed modifications and invited representations by 13 August 2026. The notice explained that the proposed changes were intended to correct errors of functionality and ensure the models operate effectively to calculate Allowed Revenue in accordance with the licence.

The Authority received one response to the notice of proposed modifications. The response supported the proposed modifications and identified limited areas for ongoing technical assurance in relation to changes to the Tax Allowance.

Decision

Having considered the matters set out in the notice and the representation received in response, the Authority has decided to direct the modifications to the PCFM, the PCFH and the CDA Calculation Model.

Direction

1. The Authority directs the modifications to the PCFM, the PCFH, and the CDA Calculation Model set out below.
2. This direction is made under the following special conditions of the licence:
   a. Special Condition 26, Part B: Modification of the Price Control Financial Model;
   b. Special Condition 26, Part D: Modifications to the Price Control Financial Guidance and Price Control Financial Handbook; and,
   c. Special Condition 39, Part H: Modification of the CDA Calculation Model.
3. The company to which this direction is addressed, ("the licensee"), is the holder of an electricity generation licence granted under section 6(1)(a) of the Electricity Act 1989 and modified under section 6(1) of the Nuclear Energy Financing Act 2022.
4. Special Condition 26, paragraph 10, part (f) of the licence allows for the Authority to direct changes to the PCFM where the Authority considers any such modification is necessary to correct an error of functionality discovered within the PCFM.
5. Special Condition 26, paragraph 20, part (a) of the licence allows for the Authority to direct changes to the PCFH where necessary as a result of changes to the PCFM in accordance with paragraph 10.
6. Special Condition 39, paragraph 44, part (f) of the licence allows for the Authority to direct changes to the CDA Calculation Model where the Authority considers any such modification is necessary to correct an error of functionality discovered within the CDA Calculation Model.
7. The Authority has assessed the likely impact of the modifications to the PCFM, the PCFH, and the CDA Calculation Model. Having regard for the views expressed by the licensee in the PCFM Working Group about these modifications and the representation received in response to the notice, the Authority is satisfied that these modifications reflect:
   a. necessary corrections to ensure the PCFM, the PCFH and the CDA Calculation Model reflect the licence; and
   b. necessary corrections to better ensure the calculation of the Tax Building Block reflects the profile of Sizewell C's tax payments.
8. In accordance with Special Condition 26, paragraph 13, Special Condition 26, paragraph 23 and Special Condition 39, paragraph 47, the Authority is hereby giving notice to the licensee of the modifications to the PCFM, PCFH and the CDA Calculation Model in the manner set out in this notice.
9. On 16 July 2026, the Authority published the text of the proposed direction on its website and invited representations to be submitted by email to NuclearRAB@ofgem.gov.uk. The purpose of the modifications is to make the

required changes to the PCFM, the PCFH, and the CDA Calculation Model set out in the appendices to this direction.

10. The Authority received one representation in response to the consultation. All non-confidential representations have been published on the Authority's website. The Authority has considered the representation received and has decided to proceed with making the direction.

11. No changes have been made to the modifications since the publishing of the proposed direction.

12. This direction constitutes the Authority's notice of reasons for the purposes of section 49A of the Electricity Act 1989.

13. The Authority hereby directs the modifications to the PCFM, the PCFH and the CDA Calculation Model set out in the appendices to this direction. Appendices 1 to 5 indicate the location of these changes within the PCFM, the PCFH, and the CDA Calculation Model, which are attached as annexes.

14. The PCFM includes the changes in this notice and other concurrent changes that are subject to Statutory Modification. Changes within the scope of this notice of modifications are highlighted **blue**. Changes subject to statutory modification are highlighted **pink**. These changes are reflected in the marked-up version accompanying this consultation decision.

15. Modifications subject to this notice will come into effect on publication of this decision notice on **3 September 2026**.

Please contact NuclearRAB@ofgem.gov.uk if you have any questions about this decision.

Yours sincerely,

Beth Corbould
Low Carbon RAB Deputy Director
Duly authorised on behalf of the Authority

3 September 2026

Appendix 1 – Changes to K-factor in the PCFM

Overview: Calculate the 'K-factor true up' for the third Charging Year by aggregating relevant Allowed Revenue values in relation to the First Charging Year for which the PCFM is currently undertaking separate calculations.

Sheets	Location
AR	Section 0: Timings
AR	Section 3: Allowed Revenue

Appendix 2 – Changes to Difference Payments in the PCFM and PCFH

Overview: Enable the Difference Payments received and paid by the licensee to be entered into the model as an input value**.**

Sheets	Location
Financial Inputs	Section 7: Financial Inputs
AR	Section 4: Recovered Revenue
Metrics	Section 3: Revenue Summary
Metrics	Section 4: Recovered revenue summary, in case of in-year revenue support

The change to the PCFH is as follows:

DP_{PAIDt} and DP_{RECt} have been added as variable values in Table 3.1, found under the heading "List of PCFM Variable Values" in the PCFH. This is found on page 25, in Chapter 3. PCFM Input Data.

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Appendix 3 – Changes to Tax Allowance in the PCFM

Overview: Ensure that the Tax Building Block correctly reflects amounts relating to the Opex Building Block and the Pass-Through Costs Building Block.

Sheets	Location
Financial Inputs	Section 4: Tax Allowance
Finance & Tax	Section 4: Tax pool allocation
Finance & Tax	Section 5: Capital allowances

Appendix 4 – Changes to the CDA Calculation Model

Overview: Ensure the CDA Calculation Model is aligned with the PCFM with respect to the treatment of the extended First Charging Year.

Sheets	Location
Inputs	Section 2: Inputs from PCFM
CDA	Section 2: CDA building block
Calculation Sheets for each private sector debt instrument "D1" to "D20"	Section 1: Flags

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Appendix 5 – Changes to Actual Market Revenue in the PCFM and PCFH

Overview: Enable the Actual Supplemental Revenue to be entered into the model as an input value for the calculation of Actual Market Revenue.

Sheets	Location
AR	Section 4: Recovered revenue
Support	Section 2: Revenue support
Incentives	Section 2: Unplanned outages
Metrics	Section 4: Recovered revenue summary, in case of in-year revenue support

Modification to the PCFH is as follows:

ASR_t has been added as a variable value in Table 3.1, found under the heading "List of PCFM Variable Values" in the PCFH. This is found on page 25, in Chapter 3. PCFM Input Data.

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