

To: Sizewell C Limited and any other
interested stakeholders

Contact:

NuclearRAB@ofgem.gov.uk

Date: 6 October 2026

Dear Company Secretary and stakeholders,

Proposal to modify the Sizewell C Price Control Financial Model to set the Variable Values for the 2026 Annual Revenue Setting Process

1. References to the “Authority”, “Ofgem”, “we”, and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work.
2. Capitalised terms used in this letter have the meanings given to them in Sizewell C’s Electricity Generation Licence (“the Licence”), unless otherwise defined in this letter. We have restated some definitions in this letter for clarity.
3. The Special Conditions to the Licence and Price Control Financial Handbook (PCFH) set out a process for Variable Values to be modified by the Authority and subsequently incorporated into the Price Control Financial Model (PCFM) as part of the Annual Revenue Setting Process (ARSP).
4. Variable Values are defined parameters within the PCFH that are used to calculate the Allowed Revenue through the PCFM as part of the Annual Revenue Setting Process.
5. This document is a notice of a proposal by GEMA in relation to the Variable Values used within the PCFM to set Sizewell C’s Allowed Revenue for the period 1 April 2027 to 31 March 2028.

Proposed PCFM Modification – Variable Values

6. In accordance with Special Condition 26, paragraph 10(a) of the Licence, the Authority proposes to direct a modification to the PCFM such that the Variable Values specified in Annex 1 (which has been uploaded as separate spreadsheet on the webpage hosting this notice) shall be entered into the PCFM used by the licensee and the Authority for the purposes of the completing the ARSP.
7. This modification is considered necessary in order to discharge the Authority's obligations under paragraph 2.47 part (c) of the PCFH to calculate Sizewell C's Allowed Revenue.
8. In some cases, these Variable Values rely on data provided by Sizewell C. Should that data be revised or corrected, the Authority reserves the right to re-determine the relevant Variable Values based on the re-submitted data.
9. In one case (Difference payments received), the Authority has elected not to determine this value for the 2026 ARSP. This value does not impact the calculation of the Licensee's Allowed Revenue for the 2027-28 financial year that we are calculating as part of the 2026 ARSP.
10. The scope of this proposed modification is limited to modifying the Variable Values in the PCFM only. It does not relate to data entered into the PCFM with respect to parameters which are not designated by the PCFH as Variable Values.

Timeline and next steps

11. Subject to representations made, the proposed modifications will take effect at the publication of the Final Direction, which will be by 09 November 2026.
12. We welcome representations on these proposals by 03 November 2026. Details on how to respond are set out in the proposed direction below.

Beth Corbould

Deputy Director, Low Carbon RAB

Duly authorised on behalf of the Gas and Electricity Markets Authority.

Proposed direction under the following Special Condition of the Sizewell C Electricity Generation Licence (“Licence”): Special Condition 26, Part B: Modification of the Price Control Financial Model.

1. The company to which this proposed 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.
2. Special Condition 26, paragraph 10(a) of the Licence permits the Authority to direct changes to the Price Control Financial Model (PCFM) to enter a Variable Value as part of the Annual Revenue Setting Process (ARSP), provided the PCFM Variable Value is consistent with submissions or information put forward by the Licensee, or numbers otherwise provided to the Authority from a third-party information source prescribed in the PCFM Handbook.
3. In accordance with Special Condition 26, paragraph 10(a) of the license, the Authority intends to modify the Variable Values by direction.
4. The Authority considers this modification necessary to fulfil its obligations under paragraph 2.47(c) of the PCFH to calculate Sizewell C’s Allowed Revenue.
5. In accordance with Special Condition 26, paragraph 13(a), the Authority gave notice of its proposal to modify the Variable Values on 6 October 2026.
6. Annex 1 sets out the Variable Values which the Authority proposed to modify for the purposes of the ARSP in accordance with Special Condition 26, paragraph 13(a)(ii).
7. This notice is published on the Authority’s website in accordance with Special Condition 26, paragraph 13(c).
8. The Authority invited representations to be submitted by email to nuclearab@ofgem.gov.uk.
9. The Licensee was invited to representations for 28 calendar days following the publication of the proposal notice in accordance with Special Condition 26, paragraph 13(a)(iii).
10. The Authority received **[number]** representations in response to the consultation. All non-confidential representations have been published on the Authority’s website. The Authority has considered the representations received and has decided to proceed with making the direction. The Authority’s response to the representations is set out in **[completed issues log / consultation response document]**.

11. [Where applicable: description of any changes made since the proposed direction]

12. Subject to consideration of any representations received, the proposed modification shall take effect on **[XX XX XXXX]** in accordance with Special Condition 26, paragraph 13(a)(i) and (b).
13. Changes made to Variable Values by the Authority under Special Condition 26, paragraph 10(a) do not constitute modifications that may be referred to the Competition and Markets Authority pursuant to Special Condition 26, paragraph 11 of the Licence.
14. This direction constitutes the Authority's notice of reasons for the purposes of section 49A of the Electricity Act 1989.

Beth Corbould

Deputy Director, Low Carbon RAB

Duly authorised on behalf of the Gas and Electricity Markets Authority.

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