To: Sizewell C Limited and any other interested stakeholders

Contact:
NuclearRAB@ofgem.gov.uk

Date: 9 November 2026

Dear Company Secretary and stakeholders,

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

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.

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.

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).

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.

On 06 October 2026, the Authority published a proposal to modify the Variable Values for the Sizewell C PCFM.

This proposal explained that modifying the Variable Values is necessary to discharge the Authority's obligations under paragraph 2.47 part (c) of the PCFH to calculate Sizewell C's Allowed Revenue.

It also set out that the modifications are limited to modifying the Variable Values in the PCFM only and do not relate to data entered into the PCFM with respect to parameters which are not designated by the PCFH as Variable Values.

We received one response to the proposed modifications from the Licensee, Sizewell C Ltd. This response provided updated values for five Variable Values. Subsequent engagement with the Licensee has identified areas for ongoing technical work in relation to the Supplemental Revenue Variable Values.

Decision

Having considered the matters set out in the proposed modification and the representation received in response, the Authority has decided to direct modifications to the PCFM, the PCFH, and the CDA Calculation Model as set out in Annex 1 (which has been uploaded as a separate spreadsheet on the webpage hosting this notice). Compared to the initial proposal, we have made the following revisions:

a) Compared to the values set out in the proposal to modify the PCFM, we have revised the following Variable Values: the Cost of Debt Adjustment (CDA_t) and the Funded Decommissioning Programme Allowance (FDP_t). This reflects the representation we received from the Licensee, who revised its submission to reflect more timely data.
b) We have decided not to determine the Actual Supplemental Revenue (ASR_t) Variable Value for the 2025-26 Financial Year. As part of our work with Sizewell C we identified this gives rise to other considerations under the Licence, and so we will undertake more work with Sizewell C on this issue after the completion of the Annual Revenue Setting Process. On an interim basis, for the 2026 ARSP, we instruct Sizewell C to leave this value in the PCFM blank. We have similarly adjusted the Forecast Supplemental Revenue (FSR_t) to remove a small amount of income relating to this matter.

c) We previously redacted the 'Royalty fee RAB addition outside the corporation tax regime' Variable Value. However, we have subsequently identified that this information is already in the public domain and as such have concluded that it is not necessary to redact this value.

As part of making this decision, we note that 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 in future years.

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 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 Licence, this modification of the Variable Values by the Authority is 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 has determined 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 Licensee was invited to make representations for 28 calendar days following the publication of the proposal notice in accordance with Special Condition 26, paragraph 13(a)(iii).

9. 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.

As part of considering the representation received, we have decided to make five changes to the proposed modification:

10. Compared to the values set out in the proposal to modify the PCFM, we have revised the following Variable Values: the Cost of Debt Adjustment (CDAt) and the Funded Decommissioning Programme Allowance (FDPt). This reflects the representation we received from the Licensee, who revised its submission to reflect more timely data.
11. We have decided not to determine the Actual Supplemental Revenue (ASRt) Variable Value for the 2025-26 financial year. As part of our work with Sizewell C, we identified this gives rise to other considerations under the Licence, and so we will undertake more work with Sizewell C on this issue after the completion of the Annual Revenue Setting Process. On an interim basis, for the 2026 ARSP, we instruct Sizewell C to leave this value in the PCFM blank. We have similarly adjusted the Forecast Supplemental Revenue (FSRt) to remove a small amount of income relating to this matter.
12. We previously redacted the 'Royalty fee RAB addition outside the corporation tax regime' Variable Value. However, we have subsequently identified that this information is already in the public domain and as such have concluded that it is not necessary to redact this value.
13. The Authority hereby directs the modifications to the PCFM as set out in Annex 1, attached to this direction.

14. 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.
15. 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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