27/10/2026

Submitted via email to NuclearRAB@ofgem.gov.uk

SZC response to Ofgem's proposed direction to modify Sizewell C Price Control Financial Model (PCFM)

Introduction

Sizewell C welcomes Ofgem's proposed direction to modify the PCFM Variable Values as part of the 2026 Annual Revenue Setting Process. We recognise that the determination of the Variable Values forms part of the established mechanics of the PCFM and is necessary to calculate Allowed Revenue for Charging Year 2.

We would like to thank Ofgem for its proactive and constructive engagement with Sizewell C to date, including through the PCFM dry-run process, which has provided a valuable opportunity to test and refine the operation of the model ahead of formal determination. As part of our representation on the proposed direction, Sizewell C would like to notify Ofgem of changes to the Variable Values set out in the proposal, reflecting updated debt rate costs and latest available forecasts. We have set out the revised value(s) and supporting rationale below and would welcome Ofgem reflecting these in its final determination.

Previous Values

Variable Value	Term	Unit	2025-26	2026-27	2027-28
Actual supplemental revenue	ASRt	£m nominal	0.17	0.00	0.00
Cost of Debt Adjustment	CDAt	£m 24/25	255.76	258.80	125.54
Corporation Tax rate	CTt	%	25.00%	25.00%	25.00%
CPIH OBR long-term forecast	CPIHlongterm	%	2.00%	2.00%	2.00%
CPIH + Forecast	CPIHt+forecast	index value	139.12	143.63	146.61
Deferred Revenue Expenditure	DRCAt	%	3.00%	3.00%	3.00%

capital allowance rate					
Forecast supplemental revenue	FSRt	£m nominal	0.00	0.81	0.00
Funded Decommissioning Programme allowance	FDPt	£m 24/25	0.14	0.11	0.11
General pool capital allowance rate	GCAt	%	18.00%	14.00%	14.00%
OBR forecast	OBRforecast	%	3.79%	3.25%	2.07%
Royalty fee RAB addition outside the corporation tax regime	Feeroyalty	£m 24/25	-	-	-
Social benefits and communications allowance	SBCAt	£m 24/25	3.06	7.34	10.40
Special Rates capital allowance rate	SRCAt	%	6.00%	6.00%	6.00%
Structures and Buildings capital allowance rate	SBCAt	%	3.00%	3.00%	3.00%

Updated Values

Variable Value	Term	Unit	2025-26	2026-27	2027-28
Actual supplemental revenue	ASRt	£m nominal	0.00	0.00	0.00
Cost of Debt Adjustment	CDAt	£m 24/25	255.76	258.80	186.37

Corporation Tax rate	CTt	%	25.00%	25.00%	25.00%
CPIH OBR long-term forecast	CPIHlongterm	%	2.00%	2.00%	2.00%
CPIH + Forecast	CPIHt+forecast	index value	139.12	143.63	146.61
Deferred Revenue Expenditure capital allowance rate	DRCAt	%	3.00%	3.00%	3.00%
Forecast supplemental revenue	FSRt	£m nominal	0.00	0.73	0.00
Funded Decommissioning Programme allowance	FDPt	£m 24/25	0.14	0.38	0.37
General pool capital allowance rate	GCAt	%	18.00%	14.00%	14.00%
OBR forecast	OBRforecast	%	3.79%	3.25%	2.07%
Royalty fee RAB addition outside the corporation tax regime	Feeroyalty	£m 24/25	1,579.77	-	-
Social benefits and communications allowance	SBCAt	£m 24/25	3.06	7.34	10.40
Special Rates capital allowance rate	SRCAt	%	6.00%	6.00%	6.00%
Structures and Buildings capital allowance rate	SBCAt	%	3.00%	3.00%	3.00%

Variance Table

Variable Value	2025-26	2026-27	2027-28	Commentary
Actual supplemental revenue	-0.17	-	-	Removal of DAC grant income from actual and forecast supplemental revenue due to associated spend being excluded from the RAB.
Cost of Debt Adjustment	-	-	60.83	Updates to reflect refreshed cost of debt rates which are materially higher than previous modelling and correspondingly minor changes in drawdown profile.
Corporation Tax rate	-	-	-	
CPIH OBR long-term forecast	-	-	-	
CPIH + Forecast	-	-	-	
Deferred Revenue Expenditure capital allowance rate	-	-	-	
Forecast supplemental revenue	-	-0.08	-	Removal of DAC grant income from actual and forecast supplemental revenue due to associated spend being excluded from the RAB.
Funded Decommissioning Programme allowance	-	0.27	0.27	Updated FDP Co forecasting.

General pool capital allowance rate	-	-	-	
OBR forecast	-	-	-	
Royalty fee RAB addition outside the corporation tax regime	1,579.77	-	-	Included the KHDD payment to EDF post Financial Close under the royalty fee heading. This is the same value that was previously shared but incorrectly included under the success fee heading.
Social benefits and communications allowance	-	-	-	
Special Rates capital allowance rate	-	-	-	
Structures and Buildings capital allowance rate	-	-	-	